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WEST EUROPE REPORT

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CONTENTS

TERRORISM

TURKEY

Verdict Issued in THKP Trial (CUMHURIYET, 23 Apr 82)	1
MLSPB Trial Underway in Istanbul (CUMHURIYET, 24 Apr 82)	4

ENERGY ECONOMICS

GREECE

Good Results in 'North Prinos' Petroleum Find (TA NEA, 28 Jun 82)	6
DEP President Describes Past Petroleum Mismanagement (TA NEA, 30 Jun 82)	7
Government Control of Petroleum Exploration, Exploitation (EXORMISI TIS KYRIAKIS, 27 Jun 82)	9

NORWAY

Oil/Gas Test Borings Off Tromso Starting With Great Hopes (Bjorn H. Tretvoll; AFTENPOSTEN, 12 Aug 82)	12
--	----

ECONOMIC

DENMARK

Bank Association Economist Warns Government on Spending (Jens Olaf Jersild; BERLINGSKE TIDENDE, 9 Aug 82)	15
--	----

NORWAY

Article Analyzes OECD Report on Unemployment Outlook (Cecilie Norland; AFTENPOSTEN, 11 Aug 82)	18
---	----

SPAIN

Expectation of PSOE Victory Worsens Flight of Capital Problem (Jose V. Colchero; YA, 29 Jul 82)	20
CEOE Concerned About Economy, Expected To Use Political Clout (Jose Luis Carrascosa, Roberto Santos; ABC, 26 Jul 82)	23
Soviet Gas Pipeline Could Mean Loss of Independence (Francisco Ignacio de Caceres; YA, 25 Jul 82)	27

TURKEY

Soydan Interviewed on Adjusting Banking System (DUNYA, 5 Jul 82)	31
Public Use of Foreign-Flag Ships To Be Halted (DUNYA, 1 Jul 82)	36
Meat Production, Export Potential Assayed (Kemal Gulec; MILLI GAZETE, 26 Jul 82)	39
Feasibility of Agricultural Insurance Eyed (Hanefi Ulutekin; MILLIYET, 26 Jul 82)	42

POLITICAL

DENMARK

Socialist People's Party MP Defends Pact With Government (Holger K. Nielsen; INFORMATION, 4 Aug 82)	46
---	----

FINLAND

CP Chairman Kajanoja Discusses Stand on Revolution, Party (Ulpu Tapiola; SOSIALIDEMOKRAATTI, 23 Jul 82)	50
Ex CP Chairman Saarinen: CPSU Trusts Stalinists More (Pekka Vuoristo; SUOMEN KUVALEHTI, 23 Jul 82)	55

FRANCE

Fallacies in Mitterrand's El Salvador Policy Examined (Ricardo Paseyro; POLITIQUE INTERNATIONALE, 1982)	62
--	----

GREECE

Commentary on Government Reshuffling (Editorial; I KATHIMERINI, 2 Jul 82)	68
Prime Minister's Office Reorganized (TO VIMA, 7 Jul 82)	70
Functions of the New National Economy Ministry Listed (I KATHIMERINI, 6 Jul 82)	72

SPAIN

PSOE Concerned About Government Breakdown Before Elections (Carmen Garcia Bloise Interview; EL DIA, 9 Aug 82)	74
Gonzalez Disposed in Principle To Form Coalition With Suarez (Felipe Gonzalez Interview; CROMOS, 13 Jul 82)	78

TURKEY

Reaction Given To Changes in Higher Education Law (CUMHURIYET, 22 Apr 82)	93
Academics React To Changes in YOK Mumcu Questions Criteria Set in YOK Change, by Ugur Mumcu	

MILITARY

NORWAY

Briefs Submarines Possibly to North Norway	99
---	----

GENERAL

CYPRUS

Briefs New Press Office	100
Newsmen Association Formed	100

VERDICT ISSUED IN THKP TRIAL

Istanbul CUMHURIYET in Turkish 23 Apr 82 pp 9,11

[Text] A decision together with covering memorandum of the THKP-C/M-L [Turkish People's Liberation Party Marxist-Leninist Front] Revolutionary People's Road, which ended 26 February 1982 in the Naval and Martial Law Commandant Military Court, has been announced.

The trial opened with the allegation that "a portion of the suspects acted as members of a group in Bursa Province during 1979 and 1980 behind the screen of organizations such as the Revolutionary Metal Workers Union that had a legal appearance and illegally in other groups for the purpose of overthrowing the constitutional system by means of an armed Marxist-Leninist people's revolution and replacing it with an administration dominated by the worker-villager class; a portion of the suspects became armed guerrillas in order to carry out the activities of the group whereas another portion remained members only; a portion conducted propaganda activities toward its goal and wrote ideologic slogans and sayings on walls; a portion insulted and mocked the armed forces of the state publicly in its writings; and some suspects were apprehended with guns, bullets, and other pieces of evidence." In the memorandum of the decision, which was written by the Golcuk Military Court, the questioning and defense of the suspects are evaluated, and it is said, "As for the acceptance of the propriety of the evidence and actions included in the charges of the preparatory statements taken by security officials, all the suspects claim that they were pressured and tortured by the police during their questioning and defense at the trial on the level of the military prosecutor and that they did not give sincere confessions. They asked to be acquitted."

In the section of the decision's memorandum entitled, "General Assessment of Evidence," it is reported that a conclusion as to the suspects' having conducted purposeful, armed guerrilla activities to achieve the goals of the organization and in the manner described in TCK [Turkish Penal Code] Article 168 could not be reached. It continued:

"The Military Supreme Court of Appeal has ruled that, for an armed group of rebels to violate TCK Article 146, it must have made plans to conduct armed actions or must have organized systematically and armed itself sufficiently in order to be in a position to begin armed action ant to reach its goal. Evidence in the dossiers of the suspects in the case demonstrates that, just

as there is no question of effective armament other than obtaining a few weapons separately, no plans for an armed action are noted. Therefore, the probability that the suspects would be acting in self-defense when attacked by persons of opposing viewpoints emerges, and this probability gains more weight. In conclusion, with this evidence it is not deemed possible to speak of the commission of the crime of violation of Article 168 of the TCK. The opinion was reached that a group of suspects, whose names are listed later, did violate elements of TCK Articles 141/1-5.

Taking into consideration, along with the rulings of the Military Supreme Court of Appeal, Article 156 of Law No 353 and statutes of Law No 1696, which deals with the requirement for preparatory investigations for these types of crimes to be conducted by public prosecutors personally, it is not possible to accept as sincere confessions the statements that were not taken appropriately by security officials, whom, it is claimed, tortured and pressured the suspects. (The names and ranks of officials who took the statements are not recorded.) It was concluded that these types of attributed crimes or admissions in statements cannot be considered sufficient in themselves to condemn a suspect and that they are not adequate for the court to reach a healthy and just decision without leaving room for doubt and hesitation. However, these statements were evaluated along with other pieces of evidence. Taking into account material facts and other concrete evidence together as a whole with truthful statements made during security interrogations, it was possible to reach a conscientious opinion that a portion of the suspects committed the crimes of which they are accused.

For the reasons cited here, it was determined that there is absolutely no material evidence that any of the suspects engaged in propaganda to further the goals of the organization; no evidence as to the dates and location of this propaganda, as to the words that were altered or written, or as to whom they were directed; nor no concrete evidence that illegal slogans were written on walls. Because of insufficient evidence from the standpoint of elements of crimes violating TCK Articles 142 and 536, it was determined to acquit the suspects."

Whereas the military court decision found 33 suspects innocent on all charges, 12 suspects were sentenced to prison for various lengths of time.

The suspects who were acquitted are:

Nazmi Sen, Ibrahim Noster, Huseyin Gelmez, Turan Akca, Rafet Basut, Asuman Ozel, Sabahattin Gulec, Hayrettin Asci, Ergun Turgut, Rasim Uysal, Latif Bilgin, Remzi Yalcin, Huseyin Usluga, Rahmi Filiz, Mehmet Hayri Basut, Hulki Akinci, Mehmet Cirit, Recep Yalama, Halil Ibrahim Neyapti, Hiyasettin Yildiz, Serhat Yenigun, Atilla Turan, Huseyin Avni Turan, Sukru Zorka, Celal Gul, Ilyas Gul, Enver Kaya, Necdet Evrim, Agzem Acar, Sabri Basut, Zeynel Abidin Oz Korkmaz, Medine Basut, and Mustafa Kilci.

Those receiving sentences ranging from 1 to 10 years are:

Ramazan Agca, 9 years' imprisonment with 8 years imprisonment at hard labor; Mehmet Acettin, 8 years' imprisonment at hard labor; Unal Inanc, 10 years' imprisonment with 8 years at hard labor; Celalettin Guler, 4 years' imprisonment with 3 years, 4 months at hard labor; Yunus Emre Ozbey, Huseyin Yumak, Yusuf Bati, Ibrahim Gulmez, Kemal Gunesli, Mehmet Eraslan, and Mustafa Gurcan, 5 years' imprisonment at hard labor; and Mehmet Salih Akyol, 1 year imprisonment.

11673

CSO: 4654/315

MLSPB TRIAL UNDERWAY IN ISTANBUL

Istanbul CUMHURİYET in Turkish 24 Apr 82 pp 1,11

[Text] The MLSPB [Marxist-Leninist Armed Propaganda Union] trial of 114 suspects, 42 of whom are facing charges leading to the death penalty, has begun in Istanbul Martial Law Commandant Military Court No 3.

Thirteen of the suspects being charged through a supplementary indictment prepared by the military prosecutor are standing trial in which the death penalty is being asked in an organization case that was opened in the same court a while ago and that is still underway. Sentences varying between 2 and 15 years are being sought for 72 of the suspects being tried through the supplementary indictment.

At the hearing, which began when members of the court committee took their seats at 1110 hours in the hall of the Metris Military Prison and Jail, 79 suspects were present, 14 of whom are not being kept in custody. A total of 26 defense lawyers took part in the hearing.

Following roll call, suspects were to begin to give their identities. Suspect No 1 in the case, Ersin Marangoz, refused to give his identity. His reason was, "Photocopies of our statements have not been provided to us. I will not state my name in protest."

It was pointed out that this was not proper courtroom behavior. The suspect repeated that he would not state his name. Suspect Adem Demirci also said, "Some of our colleagues being held in Metris Prison have not been brought to the hearing. I will not give my identity, because the possibility of defending ourselves is limited."

At this time, a report prepared by prison administrators was submitted to the court. In the report, it was noted that "suspects used body searches as an excuse" not to come to the hearing.

Suspect Hasan Sensoy took the floor and said that he wanted to clarify the situation. He said, "For 3 months, we have been prevented from speaking with our attorneys. Furthermore, this report is not correct. When we undergo searches, everything, even our private things are searched. Indictments and dossiers are taken from us."

Defense attorney Nebi Barlas said that the suspects' refusal to state their names was not a solution and that he wished to help the court on this issue. He went on, "At other hearings, suspects' complaints about the prison administration are not listened to for the reason that they are not related with the court. We know, however, from our observations that your committee is not of this opinion. If representatives selected from among us to help are able to hold discussions with our clients, I believe that we will be able to insure that names be given."

Suspect Ayse Hulya Ozzumrut, who faces the death penalty and who went to the hearing on crutches due to the fact that she was wounded in the leg while being arrested, took the floor. She read a petition from the suspects that spoke of complaints about the prison and then submitted it to the court. Ozzumrut's petition read in summary:

"We began a hunger strike, now in its third day, in support of Ahmet Erhan's death fast that was begun when his trial was transformed into a legal puzzle. They wish to feed us by force, and they are changing our prosecution."

At the request of the court attorneys, the hearing was recessed at 1200 hours for 1½ hours so that talks with the suspects could be held.

When the hearing resumed in the afternoon, attorney Barlas spoke again. He said, in summary, "The suspects will take part in the process of identifying themselves with the belief and assurance that situations occurring in prison that eliminate the essence of suspects' rights to a defense will be dealt with with sensitivity and that the situation will be solved by the court. We, the defense committee, thank you." The hearing judge replied, "Thank you."

The identification procedure then continued. Several suspects spoke of statements in petitions they presented the court. The hearing has been postponed until a future date.

11673

CSO: 4654/315

GOOD RESULTS IN 'NORTH PRINOS' PETROLEUM FIND

Athens TA NEA in Greek 28 Jun 82 p 14

[Text] The first results of the analyses of the cores and petroleum released in Houston, Texas, and in France, confirm the exclusive report by NEA that the deposit which was located by drilling at 'North Prinos 1,' northwest of Thasos, is extensive and contains petroleum of good quality with a minimum sulphur content.

A series of new analyses will take place until the first ten days of next month and for this reason four more samples of petroleum and cores from corresponding depths of the drilling which proceeds at a slow pace, were sent to Texas and France.

Technical personnel is at this moment undertaking exploratory drillings and collecting data to be used in determining the exact extent of the field which is believed to have a high natural fluidity force.

In the meantime, from 18 to 20 July, burning trials will take place at the field.

Representatives of the oil companies are due to arrive in Athens during the first half of July in order to begin negotiations with the Greek government for the revision of the 1975 agreement which, despite its form, has been characterized as being "colonialist."

Representatives of insurance companies and technical experts are in the process of estimating the damages caused to the land oil installations of North Karvali after the explosion which took place. The findings will be issued this week. In any event, the unit will be replaced.

9731

CSO:4621/428

DEP PRESIDENT DESCRIBES PAST PETROLEUM MISMANAGEMENT

Athens TA NEA in Greek 30 Jun 82 p 12

[Text] The responsibility for expenditures of public funds amounting to millions of drachmai and the lack of control of the cooperative of companies which exploit the oil fields of the Northern Aegean was attributed to the former DEP [Public Petroleum Corporation] administration during the corporation's general meeting, which was held yesterday.

More specifically, the president of DEP, Mr. L. Kaliviotis, in the presence of the deputy ministers of Coordination, Finance and Industry, Messrs. P. Roumeliotis, D. Tsovolas, and D. Pitsioris, demanded at the stockholders' meeting that the former administration of DEP not be exonerated by emphasizing, among other matters, that:

The former administrative council, only three days after the elections, extended for six more months the lease of the vessel "Dan Barrow," thus binding the new administration to expenses amounting to one billion drachmai. At that time the stratum which had been located and believed to contain oil was in waters deeper than 200 meters while that particular vessel could not drill at marine depths of more than 230 meters.

In the past the policy of DEP had not taken seriously into consideration the importance of the geological and geophysical research which could determine to a great degree the success of the drilling operations with the result of:

1. The needless outflow of large sums of foreign currency from the country because the drilling was being done exclusively by foreign companies.
2. The danger of downgrading and devaluing the regions because of the many unsuccessful drillings.

The general meeting approved the financial statement of the corporation and exonerated, with reservations, the former administration only after it was previously emphasized in the record that the stockholders' meeting does not release the previous administrative council from the responsibilities which may eventually arise.

The president of DEP also underlined that:

The entire estimate of the expenditures for the development and operation of the Prinos and Southern Kavala deposits is still pending. The new DEP administration has planned for an intensive technical and financial control of the cooperative.

The responsibility of the former administrations of DEP is evident by the lack of control of the cooperative, therefore, the new administration is compelled to take a different stand on this subject.

9731

CSO:4621/428

GOVERNMENT CONTROL OF PETROLEUM EXPLORATION, EXPLOITATION

Athens EXORMISI TIS KYRIAKIS in Greek 27 Jun 82 p 3

[Text] The recent letter of the Minister of Industry and Energy, Mr. Peponis, to the cooperative of four foreign companies holding exploration and exploitation rights of the North Aegean oil fields constitutes a decisive step in the promotion of self-management of energy of our country.

To be more exact, the letter delivered Monday by the Minister of Industry and Energy asks the four foreign companies to name representatives for the immediate opening of negotiations for the purpose of revising the 1975 agreement.

It continues by pointing out the need for participation of the Greek Public Petroleum Corporation (DEP) in the decision-making and in every exploration or exploitation of the deposits in the area of the Northern Aegean.

"It is evident," Mr. A. Peponis emphasized, "that the exploration and exploitation of these deposits is of vital importance to the energy economics of the country, while at the same time, it is connected to national security matters."

At the same time it is pointed out in this letter that there are other pending matters such as the tremendous size of the apparent investment expenses and the non-observance of effective safety and protective measures with regard to the environment.

On the other hand, the letter underlines another equally significant point where it is emphasized that "both the Ministry of Industry and the DEP have repeatedly expressed their intention for this revision and that the representatives of the companies have responded with silence.

"For these reasons," the minister concludes, "the DEP and the Ministry of Industry and Energy will not issue the necessary permits for new exploratory drillings or exploitation until understandings and negotiations for a mutually acceptable revised agreement have begun and progressed satisfactorily."

The until now "sinful" history--as it has been characterized--of the Greek petroleum of the Northern Aegean, began with the agreement signed by the Junta with the well known Oceanic, whose rights were acquired by the Canadian company Denison Mines, Ltd.

Revision of Agreements

It would be expedient for us to compare analytically the revision of this agreement which was signed in 1975 by New Democracy with the cooperative of the four foreign companies whose revision is demanded by the new government.

According to this agreement, as reported in law 98 of the Government Gazette dated 1 August 1975, article 11, the sponsor company has the right "for full and exclusive responsibility, direction and control of all petroleum operations." Article 14 of the same issue states that "in order to amortize the overall expenditure for the petroleum which was expended for the area of exploitation of Prinos or said expenditure for the petroleum was charged to it, it is determined in article 14, paragraph 3, that the sponsor company has the right to withhold a portion of up to seventy percent..."

According to the above, the governing rule, in accordance with the 1975 agreement, is as follows; of the 100 units of production, 70 go to the cooperative of the four companies for the amortization of the installations and operational expenditures. It must be pointed out that according to the agreement, the Greek side does not participate in the determination of the amount while, at the same time this amount is disputed today as mentioned in the note of the the Minister of Industry and Energy.

After that, of the remaining 30 units the cooperative of foreign companies takes 35 percent (of the 30 units), DEP takes 30 percent (also of the 30 units) and the remaining 35 percent is government tax. Thus, according to the agreement, the total income for the government is only 19.5 percent!

It is clearly apparent that, despite the victory songs of the ND government, that 10 percent of the petroleum that the country consumes is Greek. In actuality, Greece saves only two percent of the foreign exchange she pays every day for oil, paying with foreign exchange even for Greek oil.

After the government's decision to revise the 1975 agreement, industrialist, Mr. Manos, former ND Minister of Industry, in an attempt to justify the policy of the Right on this particular subject, made certain statements according to which: "with the pretext of the revision of the agreement of the government with the cooperative of the four companies, the government in effect suspends the exploration of the group in the area east of Thasos." Mr. Manos comes to the conclusion after that, that the revision of the agreement "inevitably gives a different interpretation to the much touted moratorium with Turkey."

In reply, Industry and Energy Minister, Mr. Peponis, emphasized that, on the contrary, ND had not attempted any new explorations or drillings anywhere in the Northern Aegean since 1978.

"The PASOK government," Mr. Peponis stated, "has conducted explorations not only in the Thermaikos Gulf, but also in the Strymonikos Gulf, while the Northern Aegean Petroleum Company has conducted explorations both the east and west of Thasos."

He also emphasizes that Mr. Manos is trying to create sensationalism, and finally

the Minister concluded: "The New Democracy is grieving for one and only one reason: because the PASOK administration actively seeks the participation of DEP in every activity concerning the Greek petroleum deposits in the area of the Aegean."

In summing up all of the above, it is evident that the government, faithful to the statement of government policy where it is clearly mentioned that "the mineral and energy riches will be protected as essentially national property," moves decisively ahead in the process of the realization of its declared position on the subject which concerns two objectives:

The protection of the energy self-sufficiency of our country and

The exercise of national control of our mineral riches.

Finally, Andonios Papathanasopoulos, chairman of the board of DEP, made the following statement to EXORMISI:

"The government's decision to revise the agreement of Law 98/75, as announced by the Minister of Industry and Energy, confirms once more the substantial role which DEP is called upon to play in the context of the government's petroleum policy.

"The administration and personnel of DEP," Mr. Papathanasopoulos emphasizes, "are in a position to respond to the part assigned to them by the government. In the eight months since the October elections, DEP has been reorganized and is prepared to become a true company of exploration and exploitation of petroleum and not just the office of concessions and operations through third parties as it was until now."

9731

CSO:4621/428

OIL/GAS TEST BORINGS OFF TROMSO STARTING WITH GREAT HOPES

Oslo AFTENPOSTEN in Norwegian 12 Aug 82 p 13

[Article by Bjorn H. Tretvoll: "Test Drilling in North Creates Hopes"]

[Text] Tromso platform, 11 August. Statoil and Norsk Hydro are now drilling two holes which can be of decisive importance for the future of oil activity on Tromso platform. If these two holes satisfy the relatively optimistic hopes, this can mean that a large step has been taken toward development and production in this area.

Statoil is drilling with "Neptuno Nordraug" on block 7120/8, the western neighbor block to the company's gas field Askeladden. "Treasure Scout" is drilling for Norsk Hydro on 7120/9 which is Askeladden's neighbor to the east. Both of these blocks were assigned in the spring. Therefore there has previously been no drilling in them.

The highest hopes are for Hydro's drilling. In that block geologists believe that there is a larger structure which extends farther to the east beyond that part of the continental shelf which was previously open for exploratory drilling. The probability that this structure will contain large amounts of gas seems to some people to be rather large.

"We have now reached about 800 meters down in the sea floor. The well will go down to about 2200 meters, and we expect that drilling and eventual testing of the find will be finished at the end of September or beginning of October," said division chief Per Erik Bjorklund at Norsk Hydro to AFTENPOSTEN.

"In that block where Statoil is now drilling the probability of finding oil is greater than in most other parts of the Tromso platform. But also the probability of finding gas is greater than the probability of coming upon oil," said Statoil's chief of exploration for the area north of Stad, Anon Spinnagr.

This well will be drilled down to about 3000 meters. They have now gone down to 800 meters. Any result from this well can not be expected before the end of September.

Statoil Hopes for Oil

The hope is that this well will be the first on Tromso platform which will give an important oil discovery. Even if it undoubtedly must be significant amounts of oil before a discovery in this area can be called profitable, the development of a profitable oil field can be simpler than development of a gas field. Oil is easier to transport than gas, which is dependent on bigger pipelines to the market.

Statoil's first well on Tromso platform this year confirmed the opinions that the company had about Askeladden gas field which was discovered last year. Also the southern parts of the actual structure of block 7120/8 proved to contain gas. The total reserves are now estimated at between 100 to 150 billion cubic meters, which alone will not be enough to enable development even if it is between one-half and three-quarters of the Frigg field.

The possibilities are that they can find further reserves in the vicinity, possibly mainly in Hydro's block just to the east. The western part of the interesting structure in this block does not lie more than one kilometer from the eastern part of Askeladden. If it proves that this structure contains large amounts of gas, the possibilities of a combined development of both fields would be good.

A positive result from Norsk Hydro's well 7120/9-1 will also lead to increased pressure on the authorities to have the nearest blocks distributed outside the area which previously was opened on Tromso platform, since an eventual gas field will stretch into several of the neighboring blocks. Furthermore there are several other interesting structures outside of the area which have been drilled.

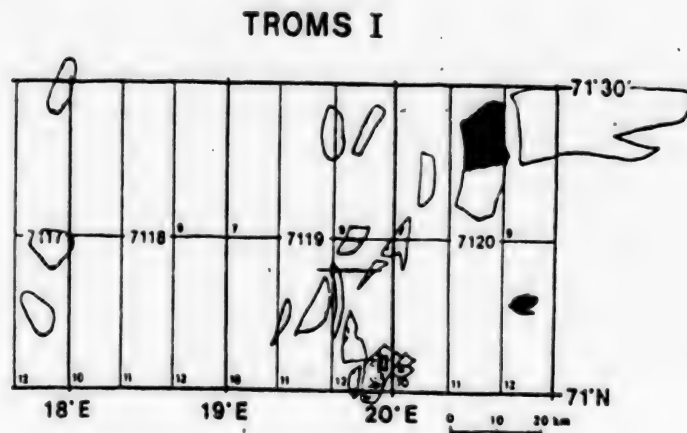
But even if hopes are high, there are still many moments of uncertainty which must be clarified. Norsk Hydro's first well of this year is a good example of expectations not always coming true. This well on block 7117/9 in a geological formation which is called Senjaryggen, in spite of great optimism beforehand, proved to be totally dry. The geological formations that were drilled through were rather different than what was assumed based on the seismic investigations.

Comprehensive Report

Statoil's discovery last year gave a clear indication that there is gas in interesting amounts on Tromso platform. This has caused both Statoil and Norsk Hydro to activate a number of investigations to see how a possibly profitable find can best be produced, how gas can be transported, if it can be industrially useful and how the market conditions in Europe will develop.

"We have studied a number of aspects of developing a gas find on Tromso platform in an area with a water depth of about 350 meters. Now we are

working with more detailed information on pipeline locations and landing places. During the first half of 1983 we will have a number of conclusions about which possibilities there are, and study these further, while the uninteresting projects can be eliminated," said press spokesman Hakon Lavik in Statoil, who hopes this work can go parallel with confirmation of new gas reserves in the area.



Caption: This chart of the area which was previously opened for oil activity on Tromso platform shows Statoil's gas field Askeladden in block 7120/8 and the larger structure which Norsk Hydro is now drilling in block 7120/9. The company's previous hole in block 7117/9 farthest to the left in the area gave a very disappointing result.

9287

CSO: 3108/146

BANK ASSOCIATION ECONOMIST WARNS GOVERNMENT ON SPENDING

Copenhagen BERLINGSKE TIDENDE in Danish 9 Aug 82 Sec III p 1

[Article by Jens Olaf Jersild]

[Text] Public consumption of resources must be checked to enable us to correct the catastrophic course of the Danish economy. Excessive public spending is the primary reason for our economic problems as well as the background for Denmark's being one of the western industrial lands that has done the worst job of dealing with the crisis.

This opinion was expressed by Torben Nielsen, chief economist for Privat Bank, in a semiannual forecast on the Danish economy this year and in 1983.

The forecast sees record high interest rates of 23 percent on some bonds in 1983, stagnating private investments, an unprecedented high for the balance of payments deficit, an international record with regard to state budget deficits and a weak improvement in employment. But the last item is due to an increase of workers in the public sector and the government's expensive measures aimed at promoting jobs. The only positive sign in the labor sector mentioned by Torben Nielsen is that employment has stopped declining in industry and there is some hope that industrial employment can be kept at this level for the next year and a half.

At the same time the forecast predicted that the long-awaited upturn in the international economy is at last beginning. But there is much to indicate that progress will be restrained due to the tight policy being pursued in leading nations for the purpose of checking inflation, limiting the public sector and increasing business earnings.

For Denmark's two most important export markets, West Germany and Sweden, the forecast estimates a growth of 3 percent in gross national product next year. That is more than the average for Europe, where a total growth in gross national product of 1 percent this year and 2 percent next year is predicted.

However the forecast stresses that it is uncertain whether West Europe and Japan can maintain the weak advance. This will depend on the United

States, where increasing economic activity can be expected this year. But there is great uncertainty concerning the extent to which households and businesses in the United States will dare to use their disposable means for consumption and investment on the heels of an economic recession. It is estimated that the gross national product in the United States will increase 1 percent this year and 2 percent next year.

In forecasting the Danish economy, Privat Bank assumed that growth in public consumption would be limited to 3 percent in 1983, that no steps would be taken with regard to the automatic cost-of-living adjustment and that the contract negotiations will result in relatively moderate wage increases. The forecast was also based on the assumption that European Monetary System exchange rates will be regulated in relation to inflation in the various countries and that a strengthening of the German mark in relation to the dollar will weaken the improvement in competitiveness that has been noted earlier.

One of the assumptions is that financial policy will not be tightened. In listing its assumptions, Privat Bank expressed "lack of confidence that Folketing, with its present constellation, is able to implement the strong measures needed to turn the Danish economy away from its current catastrophic course."

Therefore the bank predicts a record deficit in the balance of payments of 19 billion kroner this year and a new record next year with a deficit of 20 billion kroner.

Another balance problem in the Danish economy mentioned by the bank is the deficit in the state budget. The deficit here will rise to an international record of 15 percent of gross national product, whereas the tendency in almost all other western industrial nations is to limit state budget deficits.

Only 5 years ago, Denmark was one of the countries with the smallest deficits in public financing.

Wage Increase Tempo

While the wage increase tempo is generally abating abroad, wages remain high in Denmark. A small decline in the rate of wage increase down to 10 percent is predicted for next year. But due to taxes, disposable real income will be unchanged even though consumer prices will rise less than in the past.

Along with the wage increase tempo, the relatively high inflation rate and the rising deficit in the balance of payments and in the national budget will contribute to keeping Danish interest rates higher than they are abroad. Next year they anticipate a changed [as published] interest rate in Denmark, even though declining interest rates are anticipated abroad. This is expected to have a harmful effect on private investments which

will probably stagnate completely next year. This year there has been a slight gain, following big investment declines in the 2 preceding years.

At the same time, an increased supply of state bonds will harm private business investments. It is estimated that there will be a net increase in state bonds to a nominal value of around 100 billion kroner next year compared to 75 billion this year. Interest rates here are expected to increase to 23 percent. The increased sale of state bonds to cover the state debt and deficit will therefore push interest rates on bonds sky high, to the detriment of investments in the private sector.

6578

CSO: 3106/155

ARTICLE ANALYZES OECD REPORT ON UNEMPLOYMENT OUTLOOK

Oslo AFTENPOSTEN in Norwegian 11 Aug 82 p 24

[Article by Cecilie Norland: "The New Unemployed (V)--Norway is Lowest in OECD"]

[Text] It will take time to reduce the structure of business unemployment which we are now confronting. But the chances for lengthy unemployment reaching a record number of 50,000 unemployed by winter must be seen in relation to a growing tendency to report unemployment, exceptionally many able-bodied persons of working age, lack of specialists in industry and international business conditions. Seen in relation to the OECD countries we continue to be an oasis with very low unemployment.

Compared with an OECD country like Belgium with estimated unemployment in 1982 of 11.5 percent, Great Britain with 10.5 percent, Italy and Netherlands with 9.7 percent and France with 8.5 percent, Norway's estimate of 2 percent for this year is very low. In fact we are the lowest in the estimates, lower than Japan with a probable unemployment of 2.3 percent this year.

Growing unemployment is also related to growing population. Until 1986-87 both the labor market and the educational system will be overwhelmed with an especially large youth generation, before the trend turns at the end of the 80's. Even so the picture of increasing and serious unemployment could be toned down, just because we know that the large part of the population at working age is at a peak, and will go downward. In east Europe they had the same peak about 10 years ago. Now the circumstances have stabilized again.

The labor directorate warns of an increasing tendency to report unemployment, especially among women and youths. We still operate with large unknowns, because the groups which have not worked before, and thereby do not have the right to unemployment payments, neglect to report unemployment. In addition there is a source of error in that some youths stop reporting themselves unemployed after a time. But in spite of that the employment offices see a clear tendency. That is also a result of a number of appeals to people to report themselves unemployed.

An investigation of manpower by the Central Statistical Bureau shows that the number of job seekers without working income was 49,000 in the second quarter of this year, one year earlier it was 39,000. The manpower investigation is based on information from a section of the population, and is therefore somewhat uncertain. In addition to purely statistical margins of error it shows that some people give up looking for work if the labor market is especially difficult. In a time with a steadily falling labor market this can mean that the actual number of job seekers is still higher. In the investigation for the second quarter it was shown that employment had increased by 40,000 people in relation to the second quarter of 1981. The central bureau expects, however, that the high figure is largely because of opportunities in that section of the population, but that it indicates a certain increase in employment.

The size of unemployment in coming years will to a certain degree depend on international business conditions, but also on our own ability to reorganize business. Unemployment tied to industry will lead to new types of labor market measures, more training and mobility to get work.

Economists argue about when the business upturn will come, how extensive it will be, and our own ability to take advantage of the business upturn. There is broad understanding that our chance to gain a modest increase will be decided by our own ability to reorganize and train. Without that process there will necessarily be large unemployment during the period.

This is the last article in the series on the new unemployed. Previous articles were Wednesday 4, Thursday 5, Monday 9 and Tuesday 10 August.

9287

CSO: 3108/146

EXPECTATION OF PSOE VICTORY WORSENS FLIGHT OF CAPITAL PROBLEM

Madrid YA in Spanish 29 Jul 82 p 3

[Article by Jose V. Colchero]

[Text] This summer the flight of capital is reaching prodigious proportions. Never before, not even during the months prior to Franco's death, have so many bills flowed abroad from Spanish banks. Swiss sources have been telling me for 10 years about the flight of money from Spain, which has now attained torrential proportions. Now, apparently, pesetas are going not only to Switzerland, but also to the United States--specifically, Miami--in large quantities, despite the rising price of the dollar.

It appears that there is strong speculation on the dollar with the money smuggled out of Spain. Even the funds that go to Switzerland are put into dollars at the request of their owners. Swiss "financial associations" (the gangsters in the flight of capital) are enjoying a new heyday. They pick up the money at its origin in Spain for a "modest commission" (five, eight, up to ten percent), to which they then add another commission for changing the pesetas into the foreign currency in which the fugitive capital will be invested, and it is placed in numbered accounts.

The newly issued 1,000 and 5,000 peseta bills, smaller and more manageable, also facilitate the flow of pesetas abroad. The crude system of the "suitcase," I have been told, is being used increasingly to get bills out of banks, in connection with another widely used technique consisting of irregularities in the accounting of imports and exports: the difference between the real price and the price recorded on the purchase or sale documents is deposited in a foreign account.

A little over 2 months ago the German foreign exchange office received a large shipment of new 5,000 peseta bills. The authenticity of the bills had to be verified because the officials were not "familiar" with them, and could not ascertain their validity. Since then, kilos--or tons--of the new bills have circulated around Europe.

Money from World Championship

The funds spent by foreigners during the World Cup Soccer and the summer tourist season, which could be a record-breaking revenue producer, will not

give our faltering economy a healthy injection of foreign currency because they are roughly equal--give or take a few million--to the money illegally funneled out of Spain in recent months. It used to be that only the capital of the privileged upper classes left the country, as they hedged against domestic political or economic contingencies by placing part of their enormous fortunes in such investments. But since the end of the Franco era, even middle class funds have been fleeing the country. These citizens, as morally lax as they are lacking in civic-mindedness, can kill two birds with one stone by sending their savings across the border: they put their money in places they consider more secure and profitable, while at the same time they manage to evade the income and capital taxes they would have to pay to the Spanish Treasury.

This is one of the most serious factors in our national decapitalization. Apparently, according to my sources, the soaring interest rates maintained by Reagan in the United States are one of the reasons why capital is fleeing Spain, because the money finds--in strong currencies--better investment conditions than it would get in our country. A couple of years ago money left the country to be put into gold, the bars being safeguarded in Swiss safes. Those funds are still there. Now fixed-term interest is sought. The flight of capital has been a booming business for the Spaniards who have practiced it in recent years. They have contributed to the decapitalization of Spain, but they have turned a tidy profit by it. During the 5 long years since Franco died, they have been able to more than double the capital they sent out of the country, thanks to tax-free interest and, above all, the difference in the price of the peseta compared to the strong currencies into which they put their money (Swiss francs, dollars and marks, primarily).

No Count

There is, of course, no official count of the money that has flowed out of the country in the last decade, but it would be no exaggeration to say that it exceeds 500 billion--half a trillion--pesetas, even though Spanish economic officials claim that estimate is too high. The fact is, if the money sent abroad since Franco's death had been duly invested in Spain, we would now have several hundred thousand fewer people out of work. That is an irrefutable fact. The flight of capital is not a "gentleman's crime." There are people with more good (economic) fortune than honor, class and patriotism, who boast of having got their money out, while others assert that if they don't do it it is because they haven't found the right channel. They do not consider themselves criminals, and that is the most dangerous aspect of their offense. Those who rob the country of capital should be prosecuted more vigorously, like the economic-social terrorists they are.

If we do not step up our vigilance and impose severe penalties as a lesser to all, in the coming months it is likely that this capital flight will increase still further; even now, it is positively torrential compared to the levels of the period just after Franco's demise. The possibility of a Spanish Socialist Workers Party (PSOE) victory in the upcoming elections is

even encouraging the petite bourgeoisie to scrape together its savings to send them safely across the Pyrenees or the Atlantic. Big capital, so fearful of a Socialist triumph in the elections, could also divert resources abroad, which will make it even more difficult to obtain the investments that are so essential to combat depression and unemployment. We should look at the example of France, where I am told even the concierges in some quarters of Paris--the 16th arrondissement--put their money in anonymous numbered Swiss accounts. I have also heard about a Parisian surgeon who asked an American patient who needed an emergency appendectomy at a clinic in Neuilly, to pay him in dollars and deposit them in the United States. In Spain as well, there are doctors who are not averse to resorting to crime in their search for ways to channel their money out of the country: I was told of one who "took advantage" of a nephew who was going to America to study last January. He secreted \$100 bills in the lining of the youth's overcoat. The boy's mother (the distinguished professional's sister), apparently, was to tear open the coat and deposit the money in a dollar account the uncle had opened on a previous visit.

Since Mitterrand won the elections, there has been a lot of talk about the flight of capital from France. There has indeed been a significant decapitalization there for that reason, which has to a large extent contributed to the devaluation of the franc. This has in turn damaged the French economy, but has benefited those who fraudulently got their money out in time. Although the PSOE has not won yet, Spain is not lagging behind France in terms of the per capita amount of money that has fled the country, taking into consideration the gross domestic product of the two countries. Fortunes are flooding out of Spain, although we may not want to know about it or know how to stop it. That is one of the primary reasons why our economy is so anemic. This is a critical summer.

8926

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CEOE CONCERNED ABOUT ECONOMY, EXPECTED TO USE POLITICAL CLOUT

Madrid ABC in Spanish 26 Jul 82 pp III-IV

[Article by Jose Luis Carrascosa and Roberto Santos]

[Text] There are those who contend that the strength of the Spanish Confederation of Business Organizations (CEOE) stems from the government's weakness. Hoping the Spanish right will manage to come up with an offer, whether or not it is based on a coalition, to aggressively counter the left, businessmen have not yet decided what their role will be in the upcoming elections. After their belligerent and active participation in the Galician and Andalusian campaigns, the "resounding silence" of the CEOE General Assembly this week concerning political issues has been remarkable. Speaking strictly personally, CEOE President Ferrer Salat stated that he was in favor of letting the current legislature run its course, "on the condition--that's nothing, there--that it govern." The economic report that was presented to the assembly did seem to contain an ultimatum for the cabinet of the Democratic Center Union (UCD). It was also clear that businessmen feel compelled to intervene in the political sphere, but the business organization has taken a moment to reflect. CEOE at one time considered issuing its own "economic program" before summer, but it has decided to wait until September to see if the political picture clears up.

The laboratories of Diego de Leon, 50, are working intensively on a first draft that includes a clear ultimatum to the Calvo-Sotelo team (which has destroyed the beneficial effects of wage moderation, losing control of inflation), as well as an encoded "message" to the Spanish Socialist Workers Party (PSOE) (since the public deficit is growing so large that it may render a Socialist program ineffective). While CEOE is deciding how to word its "option," these are the issues that the businessmen have already put on the agenda.

It remains to be seen whether CEOE will present an economic program as such. The most moderate elements of the organization, especially banking representatives, fear that if CEOE agrees to too specific a repertoire of measures, some conservative parties may latch onto it, and such an association could prove counterproductive in the long run. The draft that is now being tossed around at the businessmen's confederation--to which ABC ECONOMICO has had access--cuts to ribbons the economic policy pursued by the UCD

administrations, "a policy characterized by its activism, its lack of focus and its failure to adjust objectives to means." This state of disarray, say businessmen, is especially manifest in the implementation of the ANE [National Agreement on Employment], the 1982 budget, the industrial reconversion process, and the development of the National Energy Plan.

The business organization believes the present government must take the blame for having squandered the important asset of wage moderation, allowing its beneficial effects to be nullified by uncontrolled inflation (whose annual rate, as of May, appeared headed toward a level higher than that of 1981). "The wage agreements," says the CEOE draft, "cannot be the only pillar supporting the economic policy edifice. It is unjust and socially dangerous, as well as useless, because the objective is not achieved and the workers are forced, without any benefit to business, to bear the burden of a stability that cannot be achieved because there is no connection with two other indispensable tools: budget policy and monetary-financial policy."

CEOE paints an alarming picture of the situation, with unemployment approaching 16 percent of the work force. But that figure, spectacular all by itself, may not sufficiently reflect the magnitude of the problem. The overall rate of activity in Spain (labor force as a proportion of the total population) is also very low, about 34 percent, as opposed to an average of 40 percent among EEC countries. Curbing unemployment, then, is not enough to make an adjustment; activity must also be improved, and for that purpose it would be necessary to create 3 million jobs above the 10.8 million that already exist. Furthermore, at current productivity levels, the gross domestic product would have to increase by 30 percent. This falls within the realm of science fiction, considering that last year the growth rate was near zero.

Businessmen criticize the government because the reduction of labor costs, which they themselves touted, became "an all-exclusive objective at a high cost . . . in a new version of the policy, whose inconsistencies are added to those of the policies that should have worked in concert with it: budget and monetary-financial policies."

Fiscal Pressure

The public deficit and its repercussions in the private sector have indeed become the "black sheep" which businessmen point to as the primary cause of inflation and a major obstacle to economic recovery. At the same time, this is the first point of divergence between the goals of the PSOE and the CEOE analysis.

According to the businessmen, in the past 5 years "fiscal pressure, measured in the traditional way, that is by computing the revenues of the Public Administrations as a percentage of the GDP, has risen from 23.5 percent in 1976 to 27.8 percent in 1981. It is estimated that in 1982 it could reach 28.8 percent." According to the Socialists (draft of the 29th Congress), "fiscal pressure must be stepped up further, an average of one point a year."

The PSOE has asserted that, without modifying fiscal pressure, if the government collected everything it is currently able to collect--that is, if the pockets of fraud were eliminated--the resulting figure could wipe out the public deficit. Businessmen claim that they are not opposed to a fair redistribution of income, "but we do oppose an increase in fiscal pressure to finance a disorderly process of transfers from the productive sector to the non-productive sector, transfers which do not even serve the interests of the neediest groups, but rather are used to cover the losses of public enterprises and pensions for groups whose economic needs are already covered."

"Message" to the PSOE

The CEOE is trying in its encoded message to convince the PSOE that the public deficit has already soared so high that even the moderate Socialist economic program would be rendered null. "The deficit," says the CEOE draft, "can be reduced and even eliminated, . . . because most of it is a manifestation of the deficiencies of the government's economic policy, its administrative inefficiency, and the mark of an alarming level of fraud."

Businessmen feel that public spending has grown indiscriminately and uncontrollably. According to the figures cited in the draft, between 1976 and 1981 public spending went from 23.8 percent of the GDP to 32.5 percent, and practically all of that growth has taken the form of current expenditures. The latter's percentage of the GDP has also increased from 20.4 percent to 28.8 percent during the same period. "In other words, investment spending, even including capital transfers, is practically at a standstill."

Leaving aside wages, which account for 14 percent of budgets, the CEOE pursues its analysis of current expenditures in order to demonstrate that even the spending programs supposedly justified by their social ends (benefits and operational subsidies) do not effectively fulfill their distributive function.

"While the GDP grew 2.35 times between 1976 and 1981," states the CEOE draft, "social benefits grew 3.45 times, and operational subsidies 3.43 times."

CEOE Scalpel

Unemployment benefits amounted to over 40 billion pesetas in 1976; 440 billion in 1981. Thus, they have multiplied 10 times, and CEOE thinks they could be cut in half. Social Security pensions during those 5 years jumped from 251 billion to 1.12 trillion, a 450 percent increase. CEOE feels they should have grown at the same pace as the monetary GDP, which would have meant a savings of 80 billion.

The so-called in-kind benefits of the Social Security program (pharmaceuticals, quota doctors, etc.) in 1981 absorbed 340 billion pesetas. "This category," indicates the CEOE draft, "is suffering from well-known fraud; if it

were administered well it could be cut by at least one-third, or some 110 billion." CEOE concludes by discussing the category of Civil War pensions, "the most obvious example of a socially and economically unnecessary expenditure."

Under the subsidies section, the CEOE draft responds to government criticism: "It is surprising," it says, "that in official forums the private sector is accused of demanding more and more subsidies, when out of a total of 325 billion pesetas in 1981, only 25 billion was used to support private business activities. Of the remaining 300 billion, more than 60 percent went to public enterprises such as Renfe, Hunosa, FEVE and RTVE."

The scalpel-wielding CEOE, which seems to stop short of eliminating those public enterprises, concludes that "in current transactions alone, the public deficit could have been cut by some 575 billion, of which 415 billion could have been obtained from a better administration of social benefits and 160 billion from subsidies to public enterprises that are by all accounts unsupportable in the medium and long terms."

The business organization has no qualms about curbing the administration's voracious appetite. "Aside from the extremely rapid socialization of the economy implicit in the dizzying growth of the public sector deficit, one of the most important drawbacks of the increase in that deficit is the effects it has on the allocation and price of financial resources."

The "expulsion effect" of the private sector in terms of its natural sources of financing is dramatic. "It could be estimated," says the draft, "that the interest rate should have dropped in 1981 by at least the same rate as inflation (one point), and probably considerably more, given the weakness of the demand for financing in the private sector." The "sine qua non" for achieving this, according to CEOE, would have been a moderation of the financial absorption by the state, which has led to a severe monetary restriction.

Having presented this general framework now, the business organization has left until September its responses to more immediate issues that were merely outlined in some public statements by PSOE leaders. CEOE complains that the first opposition party has not revealed its program yet, and with the exception of bilateral meetings between the two "falcons" (Alfonso Guerra and Jose Antonio Segurado), the country is embarking on its summer vacation without that great debate that would put the electoral cards on the table.

8926

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SOVIET GAS PIPELINE COULD MEAN LOSS OF INDEPENDENCE

Madrid YA in Spanish 25 Jul 82 pp 26, 27

[Article by Francisco Ignacio de Caceres]

[Text] Alexander Haig, whom we are already beginning to forget completely because of the cruel inconsistency of political fame, fell from his lofty position the last Thursday of last June when he collided head-on with Presidential Advisor Clark in a stormy session of the ultra-secret National Security Council.

Since, despite all the secrets, the walls have ears in Washington, it was learned that the session had risen in tone and importance, to the point that the "minor gods" were discreetly sent from the room. In the end, everything boiled down to a verbal duel between Clark and Haig. The former said: "This question has already been resolved, and there is nothing more to say about it." Then the latter got up and went off to write his letter of resignation.

What was the earth-shaking issue that brought these two men face to face and eliminated from the political scene the man who one long month ago seemed not only a formidable statesman, but also the "strong man" of Washington, perhaps more important than Reagan himself? The answer is clear and brief: methane gas.

The Siberian reserves and the fabulous contracts with various Western European countries involve a fundamental issue that is not just financial, but also political; it affects the security of the Western world.

We Drink Oil, Breathe Methane

Methane gas, and other similar gases found in the Siberian deposits, are the breath of life of our industrial and technological civilization, a gigantic monster that eats coal, drinks oil and breathes gas. If we add to its burgeoning consumption the colossal problem of its distribution through exceedingly long and increasingly intricate networks of pipeline, we begin to understand something of the issue's enormous significance.

Known to man since antiquity but used industrially only since the end of the last century (when the war in Cuba broke out, the blast furnaces of

Pittsburgh were already being fed with much of the 7 billion cubic meters then being produced by the United States), methane gas attained the maximum level of development during the thirties, and especially after this century passed the halfway point. The Soviet Union, Italy (with its deposits in the Po Valley), Austria, Argentina, Mexico, Venezuela and, of course, the Arab countries and Iran, were added successively to the list.

Speaking of Iran, let us recall that it was there where the great battle for gas began. In 1975, 2 years before the world energy crisis exploded, several continental companies (OMV of Austria, Ruhrgas of the FRG and Gaz de France) agreed with the Soviets to form a joint corporation called Megas for the development of the enormous Iranian deposits of Kangan, which were to provide 2 billion cubic meters a year to Russia and 13 billion more to the other members of the consortium.

To carry out such an ambitious program, it was necessary to build a colossal network of gas pipelines. Leaving Iran, the pipelines went first to Russia and then, through Czechoslovakia, proceeded to Germany and France, with the corresponding branches in each case. To give an idea of the cost of the project, suffice it to say that the German pipeline alone, which was to begin operations last year, cost 15.5 billion marks. But God gives the orders and the Ayatollah carries them out. Just when the Megas network was about to begin operations, Ruhollah Khomeini took power and the entire plan fell apart.

Then the Siberian gas came into play. The problems encountered by the Russians in trying to exploit these fields are similar to those faced by the Canadians and Americans in the Yukon and Athabaska. The petroleum and gas of the Great North lie beneath extremely thick layers of frozen earth, "permafrost." This granite-hard substance requires huge investments and great technical and human efforts to achieve the objective.

In the USSR there are major deposits along the Iranian border, a natural extension of that country, and also to the east of the Urals, Punga and Tiumen. But the most important deposits are near the frigid shores of the glacial Arctic Ocean, in Yamal, Yamburg and Urengoi. These reserves make the Soviet Union the owner of the largest gas deposits in the world, with 30 trillion cubic meters of proven reserves. The second-largest producer, Iran, has only 10 trillion.

10,000 Kilometers of New Pipeline Per Year

The exploitation of such remote deposits soon became imperative because of events in Iran. Europe ran the risk of being belted by another energy crisis, this time involving not oil but gas. Its own reserves (Austria, Italy, France . . .) were not nearly enough to cover its needs.

It was and still is necessary to import, but from where? The great producers of North Africa, Libya and Algeria (which are now Spain's principal suppliers) have a marked tendency, particularly the former, to point up their differences with the West, in the name of Allah or the

Palestinian cause and the anti-Zionist struggle. On the other hand, the American producers are too far away, and the problem of transportation and therefore security of supplies is still very real.

We have already said that the most common way of transporting gas is through pipelines, gas pipelines. It is also transported by ship, liquefied in huge deposits, to be transformed later into gas once again at the port of disembarkation.

The problem of the gas pipelines is that they require impressive quantities of large-caliber pipe (normally 56 inches--1.42 meters--although the Soviets hope to build them 2.4 meters in diameter), and the pipeline must be full of gas in order to carry out the distribution at the necessary pressure.

The Soviets, always attracted to the gigantic, in addition to the 2.40-meter pipe, also propose to fill those steel tunnels with gas at 140 bars of pressure, when the normal level is 100 bars. This pressure is to be maintained by pumping and compression stations located every 80 kilometers.

All this involves an impressive series of figures known as Contract "Russia No 6." It could be the most important financial transaction of this half of the century, . . . if it is implemented. This contract provides for the supply of 40 billion cubic meters of gas per year to Europe as of 1984, at the price of \$13 billion (1.5 trillion pesetas at the exchange rate), almost all payable in manufactured goods and Western technology.

The principal beneficiaries of this contract would be the Germans, with 15 billion cubic meters a year; France and Italy, with 8 billion each; Holland and Belgium, with 5 billion; Austria and Spain (now encouraged by its Serrablo deposit in the Pyrenees) with 3 billion; and even Switzerland, with 1 billion cubic meters per year.

The completion of the "Russia No 6" project would require the construction of 10,000 kilometers of new pipeline per year. There is money for this, and parallel to the technical project is a financial project, headed by the formidable Deutsche Bank and 14 other German banks. But the primary question is security.

What Happens If the Russians Turn Off the Faucet?

Gas is necessary. Even Spain, which now imports some 2 billion cubic meters of liquefied gas from Libya and Algeria, will soon need to double and even triple these imports until the American technology of the underwater gas pipeline can be put into practice, to make up the 6.1 percent of energy needs the national energy plan allots to gas for 1990.

The main problem lies in the price that must be paid for the gas. We are not referring just to the monetary price, which would be the least of our worries, as serious as it is. There is a technological price, in that the Soviets would receive from Europe the refined techniques they so desperately need in order to maintain their position as a world superpower, in view of

the (for them) irritating advantage the Americans and even the Europeans have over them.

The top-level fight that resulted in the resignation of Alexander Haig revolved around supplying the technology and precision machinery needed to build the concentration and pumping stations on the Soviet pipelines. The U.S. Government is wondering in alarm: Aren't we selling to the enemy (it is, potentially) our most precious secrets, and putting in his hands a technology that can later be turned against us?

Undoubtedly, as we have already said, most of the price of the 40 billion cubic meters that would be provided to Europe each year after 1984, which would amount to some \$13 billion, would consist of manufactured goods and technology. It is almost impossible to draw a line between what is "innocently" industrial and what has direct or indirect wartime applications. Herein lies the danger.

But there is an even greater and more obvious danger. If we depend on Siberian gas to this extent, aren't we running the risk that some horrible day the Soviets will turn off the faucet to force us, for example, to accept a forced neutrality and abandon the Atlantic Alliance?

Doesn't Western Europe, which felt the full brunt of the pre-fabricated oil crisis of 1973 (Spain, 2 years later) that left our entire economic system staggering, have a reasonable fear that a political crisis, an East-West confrontation, would threaten to cause the collapse of our entire industry?

In this regard, we must recognize that the Americans see more clearly than the Europeans, who are busy dealing with Moscow as if it were just another trading partner with the same goals as they have: profits and benefits. The Kremlin sees still further. It has a long-range political design, and it understands that, perhaps without firing a shot, one day it could bring half Europe to its knees and leave it ripe for annexation.

Thus, we must take a very serious look at the political aspects and the more or less disguised intentions of an all-too-powerful "partenaire" that controls the sources of the gas lying below the frozen coastline of the Siberian tundra, which could be the plate of beans for which we sell our freedom and independence. They, after all, are more precious than all the methane and petroleum in the entire world.

8926

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SOYDAN INTERVIEWED ON ADJUSTING BANKING SYSTEM

Istanbul DUNYA in Turkish 5 Jul 82 p 7

[Text] As the banking system introduced on 1 July 1980 completes its second year, there has been increased controversy over matters pertaining to banking and the money market. In keeping with the belief that benefit can be derived from soliciting opinions concerning this matter, we interviewed Halit Soydan who is Director General of the Construction and Credit Bank. (Yapi ve Kredi Bankasi). He answered our questions concerning the impact of the measures of 1 July 1980 upon the economy and the banking system.

DUNYA - Mr. Soydan, can you briefly explain the changes in format that have been brought by the interest rate schedule which went into effect on 1 July 1980?

SOYDAN - Briefly stated, it is possible to say that the change that has become evident in the Turkish banking system since 1 July 1980 involves the free determination of interest rates. The schedule that went into effect on 1 July 1980 gave the banks the opportunity to freely determine interest rates on deposits and credits. This constituted an abandonment of fixed interest rates.

DUNYA - It is known that the banking system introduced on 1 July 1980 is complementary in nature to the measures of 24 January 1980. Given this framework, can you define the reasons which brought about high interest rates?

SOYDAN - Undoubtedly, it is impossible to differentiate between the measures of 24 January 1980 and the policy of high interest rates. In a way, the economic impasse which gave birth to the decisions of 24 January 1980 also constitutes the reason behind high interest rates. As it approached

24 January 1980, the Turkish economy presented the appearance of being unhealthy and confronted with serious difficulties. Inflation had climbed to three digit numbers and investments had come to a halt. As of February 1977, foreign currency transfers could not be conducted in an orderly fashion. Comparing the inflation rate prevailing during January 1980 to the interest rates applicable to savings deposits at that time, the trend seemed to be clearly against the saver. Low interest rates were the cause of extremely high losses in revenue for persons with savings accounts. As all of these developments deepened the economic impasse that I mentioned earlier, there was no sense whatsoever in insisting upon fixed interest rates which were causing the exploitation of persons with savings accounts. In fact, after restrictions on interest rates were lifted, the banks experienced deposit increases of significant proportions. For this reason, I would define the interest rate schedule that went into effect on 1 July 1980 as a schedule oriented towards providing savers with net interest.

DUNYA - As the policy of high interest rates completes its second year, can you tell us what it has brought to the Turkish economy or taken away from the Turkish economy?

SOYDAN - I am not on the side of those who perceive this in terms of black and white. There are always things in this world that are grey. In examining the implications of the policy of high interest rates one should look at both scales of the balance. Undoubtedly, the policy has had non negligible benefits. Savings have been directed towards the banking system and net interest has been obtained by the saver. You can certainly well imagine the levels to which inflation would climb if these savings were to be directed towards the market place. On the contrary, reducing inflation has been made possible by lifting the restrictions on interest rates. Nevertheless, it is not possible to perceive interest rates as a single phenomenon. The increase in deposit and credit costs must be attributed to the negative aspect represented by unrestricted interest rates. In particular, the increasing cost of credit has reached dimensions that are quite noticeable within the industrial sector. Within our banking system, the interest charged on loans is not a number that is determined by adding to the interest paid in the case of savings. Important factors that go beyond the banks play a role in determining lending rates. Consequently, the role that must be

assumed by the banks in reducing lending rates merely becomes one of reducing fixed costs. This involves reducing the ratio of fixed costs within each account that is being serviced and constitutes the total responsibility that should be assumed by the banks.

DUNYA - Could you discuss those factors that influence the cost of credit and yet are not controlled by the banks?

SOYDAN - Disposable assets, additional reserves, the interest on additional reserves and taxes on banking operations may be cited as examples of factors that influence lending rates while not being controlled by the banks. The things that I have just listed fall directly within the authority of the government. These are factors that are used in determining monetary policy and that are causing an increase in credit costs.

DUNYA - Couldn't corrective measures in this area be taken to bring about the possibility of inexpensive credit?

SOYDAN - The lowering of credit costs is not in conformity with today's economic policy. The tight money policy that is being applied within the framework of the measures of 24 January 1980 is diametrically opposed to the policy of low costs. If we were to assume for a moment that sources of inexpensive credit could be obtained, it could not be argued that inflation would remain unaffected by such a development. It is only beyond the logic of the measures of 24 January 1980 that this issue can be debated.

DUNYA - Mr. Soydan, the gentlemen's agreement reached between the banks in connection with offering the same interest rates was subsequently subjected to a great deal of speculation. What can you say about this matter?

SOYDAN - I believe that there is no need to say many things about this matter. This agreement had no binding aspects and contradicted by nature the interest rate schedule. In fact, there were banks that did not honor the gentlemen's agreement and as a result it was not implemented.

DUNYA - Within the past two years we have gone through the stockbrokers' affair which has attracted the close attention of public opinion. What are your thoughts on this matter?

SOYDAN - First of all, I feel that these institutions should be defined as intermediary institutions. This is the definition given to them by the law on the free market. The law provides a very loose definition of the structures of these institutions. While these institutions should have merely bought and resold shares, they began to collect revenues by issuing their own documents. The increase in the demand for money has had a large share in bringing about this development. It is well known however, that institutions known as market brokers have to a great extent disappeared from the market as the result of the latest unfortunate development.

DUNYA - At this point I would like to ask you about what can be said concerning the future of the money market in the aftermath of the Kastelli development which you have described as an unfortunate development?

SOYDAN - I consider it unfortunate that the money market is affected by the difficulty that is currently being experienced. Along with the banks, the money market constitutes a component of the financial system and its survival must be guaranteed. For this reason, I feel that intermediary institutions must be strengthened and brought to a point from which they can serve the economy. Consequently, I hope that the money market will be strengthened and made to survive. It is possible for a money market to experience the effect of unfortunate developments, yet it must still be brought to a point where it is regulated by the government and can provide services to the economy.

DUNYA - There is also the issue raised by certificates of deposit. As you know, a direct relationship between banks and intermediary institutions on the basis of certificates of deposit had been prohibited. Can you say that this prohibition has been adhered to? To what extent have certificates of deposit been influenced by these developments and to what extent could they be influenced in the future?

SOYDAN - We have not violated the prohibition and I would avoid comment regarding those who may have done so. I cannot make a comment on the future awaiting certificates of deposit. Certificates of deposit are modern financial instruments. I believe that it is unfortunate that certificates of deposit have been affected. Anything can be misused and I think that the economy would suffer if certi-

ificates of deposit were to be eliminated.

DUNYA - Mr. Soydan, it has been suggested over the last few days that it is necessary for banks with limited financial resources to come together in mergers. What can you say on this matter?

SOYDAN - I have heard calls for the merger of banks with limited financial resources. I believe that the move to bring greater rationality to the financial system should lead towards consolidation. I believe that work should begin on the specifics of making the banking system suitable for mergers among banks. Mergers should not be left to the discretion of the banks and the government should take binding as well as forceful measures in connection with this matter. I am saddened as I watch the reluctance of some to express an opinion concerning this matter or to discuss this matter. The viability of the concept should be discussed and the benefits as well as the drawbacks of the concept should be revealed and debated. It makes no sense to blindly reject the idea.

DUNYA - In closing, I would like to find out your views on the Kastelli incident.

SOYDAN - In my opinion the incident is being over dramatized. The government is seriously working on this matter and I believe that the soundest solution will be found. This will make it possible for us to emerge from this unfortunate incident with a minimum amount of loss. It remains clear that thanks to the certificates of deposit and securities held by Kastelli no panic has erupted in the aftermath of this incident. For this reason certificates of deposit could be supported and made to survive. Moreover, the principal that has been deposited by savers remains secure. I expect that work involving the interest will be concluded in days to come.

9491
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PUBLIC USE OF FOREIGN-FLAG SHIPS TO BE HALTED

Istanbul DUNYA in Turkish 1 Jul 82 p 1

[Text] Following the adoption of the principle affirming that ships flying the Turkish flag should be used in transporting the imports and exports of the country, the reasons that have driven public enterprises and in particular those who import coal or petroleum towards foreign-flag carriers are being investigated. Following lengthy preparations that have been conducted by the Office of the Undersecretary for Maritime Affairs at the Prime Ministry, public enterprises have been instructed by the Prime Ministry to submit all contracts fulfilled or prepared between 1 January 1982 and 1 July 1982 for the inspection of the office of the Undersecretary for Maritime Affairs.

The directive which was signed by Prime Minister Bulend Ulusu was sent to the directorships of organizations engaged in maritime transportation. These included DITAS, IPRAS (Istanbul Petroleum Refinery Corporation), the Turkish Iron and Steel Enterprises, the Eregli Iron and Steel Works as well as the appropriate ministries. The directive was sent on 25 June and indicated that following the work conducted by the Office of the Undersecretary for Maritime Affairs "the existence of many problems in the field on maritime transportation had been noted." The report stated:

"It has been determined that to this day the Turkish Merchant Navy which has attained a size exceeding planned projections has not been utilized properly. It has been further observed that measures to reduce foreign currency outlays in connection with cargo operations have not in practice provided the required results."

In his directive, Prime Minister Bulend Ulusu stated that

in order to bring about the development of the Turkish Merchant Navy "the cargo potential represented by Turkey should be taken into consideration while the recommendations that have been made must be guided towards positive results." Uluşu said: "In order to bring about the achievement of this objective within a short period of time, it has been deemed appropriate that all organizations purchasing maritime transportation services should forward as of 1 July 1982 copies of all correspondence pertaining to maritime transportation contracts. This information should be sent to the Office of the Undersecretary for Maritime Affairs at the Prime Ministry within the three days following any announcement or official communication."

In his directive, Prime Minister Uluşu also indicated that public organizations purchasing maritime transportation services should reveal their transportation programs for the year 1982 while organizations that have not prepared such programs should provide reasons for not having been able to do so. In addition, Prime Minister Uluşu requested in his directive that a copy of all contract award dossiers prepared by public organizations between 1 January and 1 July 1982 be sent to the Office of the Undersecretary for Maritime Affairs so that the reasons behind the use of foreign-flag ships by public organizations can be investigated.

The Office of the Undersecretary for Maritime Affairs is to examine the awards within the dossiers in order to determine whether they are in conformity with global award figures and for the purpose of discovering the reasons for which foreign-flag ships have been used. The office will also determine whether the awards have been made in conformity with existing laws and regulations and will present the results to the Prime Ministry for appropriate disposition. The Office of the Undersecretary for Maritime Affairs was organized within the framework of the Prime Ministry following 12 September 1980. Guided by directives provided by Prime Minister Bulend Uluşu, the office has undertaken a sizeable effort to resolve the problems which for many years have been the cause of complaints directed at Turkey's transportation policy. The office has focused its attention on the sections of the master plan for transportation which pertain to maritime transportation. The master plan has been accepted by the political leadership and the issue of the preference given to foreign-flag

carriers is being addressed as a problem that has existed for several years. Policy recommendations prepared during March by the Office of the Undersecretary for Maritime Affairs have been presented to the Prime Ministry. These policy recommendations have been derived from investigations to determine the reasons behind the preference given to foreign-flag carriers and the failure of the Merchant Navy to increase the amount of cargo that it carries in spite of an approximately 43 percent increase in the size of the fleet.

The structural problems of foreign commerce are being cited in the policy recommendations to Prime Minister Bulend Ulusu as the reasons for the Merchant Navy's failure to obtain an adequate share of world commerce. It has been determined by the Office of the Undersecretary for Maritime Affairs that the practice of utilizing "FOB" export procedures and "CIF" import procedures has become common place. The findings made by this office indicate that in imports as well as exports over maritime routes, the choice of the ship that is to transport the cargo is generally left to foreign countries. As a result, this situation leads to additional profits for the foreign countries that are involved. Such profits are derived from the value of the cargo as well as transportation costs.

An OECD decision during the 1960's to deregulate maritime transportation added greater weight to the need for Turkey to liberalize its policy towards maritime transportation. The errors inherent to this trend were later discovered and as a result the Turkish Merchant Navy was given "partial preference" in 1969. However, the governments of the period gave organizations "the right to allow companies with which they had transportation agreements, to transfer these contracts to other companies established in Turkey as well as outside Turkey." While a measure adopted in 1975 stipulated that the FOB principle should apply to all imports, foreign pressure resulted in the repeal of the measure. With the concurrence of the State Planning Organization and taking into consideration the pitfalls inherent to transportation policy, the Office of the Undersecretary for Maritime Affairs has moved towards the formulation of policies that will give preference to the Turkish Merchant Marine in the transportation of imports and exports.

MEAT PRODUCTION, EXPORT POTENTIAL ASSAYED

Istanbul MILLI GAZETE in Turkish 26 Jul 82 p 2

[Article by Dr Kemal Gulec]

[Text] While the world population has been growing rapidly and standards of living have been rising, per capita natural resources have been declining. Consequently, modern techniques are being employed to increase per capita production, and efforts are being made to raise the agricultural yield of each unit of land.

All types of raw materials exist in our country. Although some raw materials are in short supply, we are amply endowed with a range of agricultural products, forest products and mineral resources. These resources are a blessing given to our country by God. When we realize the value of this blessing, God will be even more generous with us, and then, we will have even more resources.

Our country produces various qualities and quantities of foodstuffs. One area where we have a significant potential is livestock rearing. Turkey's livestock potential is so big that it cannot be disregarded.

Table 1 gives official revised figures for the number of livestock grown in our country and shows the steady growth of this number over the years.

Table 1. Number of Livestock in Turkey (thousands)

Year	Large stock (cattle)	Small stock (sheep, goats etc.)	Number slaughtered	
			Large stock	Small stock
1975	16,576	67,359	2,984	26,944
1978	17,826	69,923	2,209	27,969
1981	18,511	76,267	3,351	30,550

(Source: State Industry and Worker Investment Bank)

As is seen from the table, the number of large and small stock animals has been increasing at the rate of 3 to 8 percent a year. A large portion of this important resource is slaughtered.

In our country, breeding methods which will increase the number of livestock and their meat yield have not been developed. Furthermore, since slaughtering is done in a haphazard manner, our potential is unfortunately wasted. The figures given in Table 1 are based on official statistics. The actual figures are higher, since there are animals which have not been counted.

In the last few years, Turkey has been exporting increasing amounts of meat to Middle Eastern and North African countries.

Table 2. Exports of Meat and Meat Equivalent of Live Animals

<u>Year</u>	<u>Exported amount (metric tons)</u>
1978	104,900
1979	111,600
1980	149,880
1981	206,418

The exported amounts shown in Table 2 include live animals and smuggled meat. Meat exports in 1982 are expected to be even higher.

Table 3 summarizes meat production and consumption in Turkey.

Table 3. Meat Production and Consumption in Turkey (metric tons)

<u>Year</u>	<u>Production</u>	<u>Consumption</u>
1975	808,700	--
1978	875,600	701,100
1981	1,026,800	844,180

It is evident that we must preserve our livestock resource and enlarge our herd in order to increase our total and per capita meat production and our meat exports. To achieve these ends, it is necessary to introduce modern breeding methods and to reduce the slaughter of small stock animals in particular. However, current trends in Turkey point in exactly the opposite direction. Sheep that weigh 20 to 25 kilograms live and calves that are older than 6 months are slaughtered. On the other hand, a 6-month-old calf, if properly fed, can increase its meat yield by around 80 kilograms within 100 days. In Turkey, 600,000 to 800,000 large stock and 600,000 to 700,000 small stock animals are currently on an animal feed diet. However, these figures are highly inadequate.

Meanwhile, a good and sound transportation link does not exist between feed production centers and animal breeding regions. Producers in breeding regions are not adequately protected and their feed and financing needs are not properly met.

As a result, an important national resource is allowed to rely on chance and regional conditions instead of being utilized as an industrial enterprise. The resulting instability is depriving our people of their protein needs. A large

portion of our population cannot get proper nutrition because of high prices. As a result, per capita meat consumption has been declining.

In Turkey, annual per capita meat consumption rose from 14.5 kilograms in 1970 to 15.9 kilograms in 1975 and 17.0 kilograms in 1980. The corresponding figure in Western countries is around 100 kilograms.

Our livestock resource is being wasted. The number of modern slaughterhouses in Turkey is inadequate. The large complexes which began to be built in 1976 under the sponsorship of the Meat and Fish Association Directorate General are still uncompleted. As a result, 25 percent of the large stock animals and 70 percent of the small stock animals are slaughtered in rural areas without any controls. Most of the controlled slaughters take place in municipal slaughterhouses. Consequently, losses occur both in quality and in value, and possible byproducts are wasted. The private sector has only lately begun entering this field. There is a very small number of complexes which incorporate slaughterhouses and packaging and cold storage facilities.

Since most of the animals slaughtered in Turkey are not on an animal feed diet, their meat yield is very low. Moreover, since sheep less than 1 year old and calves less than 6 months old are slaughtered in large numbers, total meat production is also low. Low yield and production figures mean not only the waste of our livestock resource, but also high prices which reduce our chance of competition in foreign markets.

Various institutions have launched scientific research efforts with an eye to developing our livestock resources. In this article, we simply tried to draw attention to the issue and to emphasize the need to prevent waste.

Conclusion

We can summarize the measures that must be taken as follows:

1. Each year, the prices of animal products rise between October and February and then drop between March and September.
2. In order to prevent price fluctuations, more attention must be given to the feeding business and incentives must be provided for more feeding centers.
3. Modern meat processing plants must be set up.
4. Modern cargo fleets must be developed to foster exports.
5. The slaughter of sheep and calves under 1 year old must be brought under control.
6. Live animals must not be exported, except during the religious holiday season.

9588

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FEASIBILITY OF AGRICULTURAL INSURANCE EYED

Istanbul MILLIYET in Turkish 26 Jul 82 p 2

[Article by Hanefti Ulutekin]

[Text] In order to provide security for the agricultural sector in our country, necessary measures must be taken expeditiously and the "agricultural insurance law," which has remained in abeyance for years, must be implemented. Efforts to "institute agricultural insurance in Turkey" began in the 1930's. Although more than half a century has elapsed since then, those efforts have not produced any substantive results apart from some very limited hail and fire insurance provided by a few private firms.

Agricultural products are generally threatened by a host of natural calamities which are beyond the control of the farmers. Damages caused by natural elements such as frost, hail, floods, torrents, drought, storms and rain as well as pests and plant diseases can cause problems not only for the farmers, but also for the economy of the whole country, particularly if such disasters occur in two or more successive years. The death of domestic animals for various reasons, their disability or theft may also cause similar problems.

Insurance is a way or a system of dealing with various risk problems and distributing risk over many individuals, regions and years. Insurance provides the insured with the facility of making regular annual premium payments as opposed to suffering sudden and unexpected sizeable damages. In addition to protecting the investments of the insured, insurance also serves the function of stabilizing the income of the insured.

Farming is not merely a business enterprise; it is also a way of making a living. This important sector is threatened by various natural uncertainties to a degree felt by no other sector.

Agricultural Risks

Agricultural risks can broadly be divided into two on the basis of the nature of the uncertainty involved.

1. Property risks: Since property, whether movable or immovable, is affected by possible natural, social and economic threats, property risks can be subdivided

into natural risks, social risks and economic risks.

Natural risks cover uncertainties such as plant and animal diseases, pests, lack of humidity and drought, floods and other forms of excess water, frost, hail, storms, lightning and fire.

Social risks cover structural and technological upheavals in society such as theft, fire, insecurity, strikes, war and civil strife.

Economic risks involve actual and unexpected fluctuations in the prices of agricultural products resulting in losses to the investors.

2. Personal risks: Personal risks involve capital and income losses resulting from uncertainties in human factors. Damages to be incurred upon the farmer, his employees, or upon third parties by the farmer or his employees are included in this category.

In general, agricultural insurance can briefly be defined as a safeguard against damages that may be incurred against agricultural products, domestic animals, the farmer, his property, his employees and his family and damages caused to third parties by the farmer, his employees or his family in exchange for a fee known as the premium.

One draft bill prepared in the past emphasized the issue by saying that "agricultural insurance is to farmers what social security is to workers." Despite that, however, no positive steps were taken.

In this article, we will concentrate on "crop insurance," which carries greater significance for the country's economy, but which is harder and more problematic to implement.

Crop Insurance

In establishing implementation guidelines, one must not forget that crop insurance rests on three main pillars of support--more or less like other types of insurance--and that it is these issues that must first be resolved:

1. A competent technical staff which will run the business and which will perform the statistical procedures.
2. A knowledgeable and experienced organization of expertise spread all over the country.
3. The buildup of reinsurance.

Assuming that the technical staff and the expertise organization can be trained and established over time, the important issue of reinsurance must be considered as a separate issue on its own.

In order to introduce agricultural insurance in Turkey in accordance with a plan and a program, it would be wise to enact the "Agricultural Insurance Law" and to have an experimental period at the beginning. But, since sufficient experience

has been accumulated since 1957 in connection with hail insurance, the experimental period must apply to other forms of risk.

Implementation guidelines can be determined as follows:

--Instead of implementing the program everywhere around the country, it would be wise to start with "pilot regions" and to select those regions such that the risk compensation system will work.

--At the beginning, it would be wise to insure only certain agricultural products, with an eye on how beneficial the selected products are for the country, and to attach priority to products that have the highest immunity to risk.

--In selecting risks, first, relatively light risks must be selected; heavier risks must be introduced gradually into the coverage of insurance policies.

--The experience with the "hail insurance" implemented so far has shown that unless insurance is made "mandatory," it will take a lot of time and effort to have it accepted on a broad basis. Consequently, agricultural insurance must be implemented as a form of "mandatory insurance."

--Insurance commitments must be strictly based on monetary value, and qualitative damages must be totally excluded from coverage.

--It would be wise to set insurance payment limits at a certain portion of the value of the crop (for example, at 70 percent of the crop value). This way the insured will have incentives to "protect" his crop from natural risks like fire and floods and to take measures to "prevent" or "reduce" damage to his property.

--Setting a deductible on damages below a certain level can result in savings in expertise expenditures.

--To encourage buying insurance, to help farmers with financial difficulties and to help the voluntary spread of insurance, the government may contribute part of the premiums in the initial period.

--It would be proper to establish a bottom level for insurance exemption for some crops and small enterprises. For example, a farmer with a 10-donum piece of land may be exempted from the requirement to buy insurance.

Conclusion

As noted above, in our opinion, the most important issue in agricultural insurance is the issue of "reassurance." It is almost impossible to get any assurances from "professional reassurance companies" particularly when the insurance of various crops against various types of risks is in question. When mandatory insurance is introduced and the required technical staff and expertise network is established, the problem of producing insurance services will be solved. Then, we will face the basic problem of "there can be no insurance without reassurance."

Various mechanisms have been employed in different countries in connection with this issue. But we believe that a version of the system used in Japan is best

suited for Turkey.

An "agricultural insurance procurment pool" may be formed among insurance companies operating in Turkey to provide insurance services, and the reserves of the companies forming the pool may be combined. Thus a "reserve capacity" can be built up, while allowing every insurance and reinsurance company in Turkey to have a share of every agricultural insurance policy sold as a member of the said pool. This way, use can be made of the technical networks of organizations like Turkish Sugar Industries, Ziraat Bankasi, Sekerbank and the Soil Products Office, which have branches all over Turkey.

By turning over the handling of cases which exceed the limits of the pool's reserve capacity to an "agricultural insurance reinsurance company" to be formed by the government, it is possible to start implementing an agricultural insurance system.

9588

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SOCIALIST PEOPLE'S PARTY MP DEFENDS PACT WITH GOVERNMENT

Copenhagen INFORMATION in Danish 4 Aug 82 p 6

[Article by Socialist People's Party Folketing member Holger K. Nielsen]

[Text] The March package was not the worst thing that could have happened and the Social Democrats are linked to the left in Folketing.

"And the government is now paying for the rights to its seats by giving SF [Socialist People's Party] the right to command government policy in vital areas via a compromise that will extend into the future--'Soon dawn will break, brothers, there is a light in the East!' Naturally it is a big day for SF, I understand that quite well and they should be congratulated; I think we can expect a development that will end in the two parties becoming more and more equal in size." (Poul Schluter during the concluding debate in Folketing on 4 June.)

The nonsocialist parties came up with quite a lot of this sort of thing after the hectic negotiations on the government's so-called March package. If one of Erling Olsen's Martians overheard the debate, he would undoubtedly think he had been transported to the Russian Duma in the summer of 1917. Nonsocialist politicians described the situation in such ominous terms that the innocent Martian would have had to believe that the revolution was right around the corner. Only a nonsocialist politician like Arne Melchior could put things so tastefully as to say that SF has "laid the revolver on the table, since the prime minister and his government have been told in no uncertain terms that unless SF gets its way on very big and wideranging matters by 31 December 1982 at the latest, the revolver will be fired at the government's chest or head."

To reassure Erling Olsen's Martian, the pacifists in SF and the members of the government, it should be said that SF is by no means going around with such sinister plans in mind. And although it must be admitted that there are some physical resemblances between Lenin and Gert Petersen, we are not in a prerevolutionary situation. And the March package is in no way an expression of revolutionary policy. Therefore the nonsocialist hysteria has missed the mark, although it must be conceded that the government will

have to pay much more attention to SF in the fall. I will come back to this later.

Positive Aspect of Package

The March package was never SF's invention and if we were to assemble a package, it would look quite different. On the other hand, it is pure nonsense to say, as Klavs Birkholm did in the latest issue of POLITISK REVY that the March package compromise is "far more reactionary than the intervention with the cost-of-living adjustment in 1967." (That is also a little heavy.)

Actually there are a number of positive things in the March package. For instance, take the Finance Committee documents guaranteeing 14,000 educational openings (the funding of the HTX [expansion unknown] education, which SF voted against, is an exception). Take the requirement for a mandatory school guidance system, the requirement to earmark more municipal funds to combat youthful unemployment (the so-called L-488 funds). We felt the problem of job training openings could be solved better and also cheaper through an employer-financed expansion of the Employers' Pupil Reimbursement Plan combined with a quota system as a safety net. Based on talks with factions on the labor market, the government held a different view and in the end we chose to support the proposal since in the broader perspective, the problem of job training openings simply must be solved and our basis was that we feel responsible for the law only to the extent it actually does solve the problem. It should be stressed that the government has committed itself to returning to tougher measures if the job training problem is not solved.

Flaws in Job Creation Plan

The job creation law was probably the most controversial aspect. The philosophy behind the proposal is correct. It is better to use money to put people to work at something useful than to put the money aside for support payments. It is sensible to convert the often artificial employment projects into real work. And it is especially sensible to institute the principle of public production (this is what left wing economists have been saying for years and now there is an opportunity to do it). But the problem is that the whole idea is so new that it will probably take some time before the law really functions, something that will be determined in part by how much the union movement will push it with the Labor Market Boards.

There are three big flaws in the law. In the first place, the so-called depressed wages directive has been transferred to the job creation law. The depressed wages directive pays about 41 kroner an hour to young people under the age of 22 who are working in municipal job programs and aside from the fact that the directive in itself is unacceptable, it is totally at odds with the idea of job creation, which is to create normal jobs. SF tried to get the depressed wages directive removed, but we were voted down on this point. But we were able to get some limitations included, namely

that it applies only in the public sector, that it is limited to 26 weeks and that it will become invalid the minute a contract solution is found. This is not the first step toward a special pay scale for young people. But the depressed wages directive is a blemish that should be removed.

In the second place, purely municipal production should not have to get prior approval from the Labor Market Board. If a municipality wants to start up production, it should do so without having to filter things through the Labor Market Boards.

In the third place, in a frenzy of tactical paranoia, the Radical Liberals inserted a provision that participants in job creation projects must not be older than 25 at the time when they start working. This proposal will give job creation activities the character of youth ghettos and thus maintain a certain degree of artificiality. It is to be hoped that the Radicals will come to their senses so the provision can be removed.

It is hard to say how many jobs are contained in the March package. My own estimate is that it involves around 40,000 gross educational and job openings (which includes the effects of the arrangement that allows municipalities to obtain index loans to insulate municipal buildings in addition to the municipal loan ceiling, an arrangement SF pushed through). Taxes are expected to lead to the loss of around 6,000 jobs, so the net effect will be around 34,000 educational and job openings. That is totally inadequate, of course--but it is still something.

Important Considerations

Thus we are not wildly enthusiastic about the March package, but this is not a step backward, on the contrary it is a step forward even though it should have been much greater.

Equally important, however, was the overall game plan which has been quite accurately compared to a game of pass the buck. Since the election, the Social Democrats (ably seconded by the Radicals) have been trying to place SF in a situation in which the party will be blamed for overthrowing a Social Democratic government in favor of a nonsocialist one. The idea was to check SF's advance by depicting it as an irresponsible party that cannot take part in a credible cooperation with the Social Democrats. For us it has been important to avoid being placed in that kind of situation. We want to maintain our growing credibility in the union movement, in part because a parliamentary labor majority with the Social Democrats is one of SF's tactical objectives and the present cooperation is part of a process of preparation for a true labor majority.

In addition, the various shenanigans cannot conceal the fact that important laws have been implemented this past spring, for example a financing reform, an expansion of the public construction quota, a tax on North Sea oil, a tightening up of the laws on stockholder and limited liability companies, an urban renewal law, and improved possibilities for renewable energy. And

direct reductions of the kind we have witnessed for many years were not made. And it is still the case that for the first time since the September 1975 compromise, there is an expansive fiscal policy without any statements concerning income policy.

This is still not socialism and it could be better, but it is still something.

For this reason and others, SF ultimately decided to support the compromise after having blocked indexing of taxes and after obtaining the postponement of a large part of the tax bouquet with the clear reservation that if a tax reform has not been passed by the end of the year, we will propose a repeal of the taxes (which we must assume the nonsocialists would support for the purpose of toppling the government). In a manner of speaking we have managed to tie the Social Democrats to the leftists in parliament--and this was one of the major reasons for the anger of the nonsocialist parties during the concluding Folketing debate.

Labor Majority and Alternative

In the above-mentioned issue of POLITISK REVY, Ebbe Sønderriis lists a number of examples of a more effective employment policy: compulsory elimination of all overtime work, better assignment of job quotas in the teaching and custodial sector, a massive expansion of renewable energy and cuts in energy consumption (with directives and public investments rather than subsidies), a changeover from private to mass transportation, raising the public building quotas, a ban on a long list of substances suspected or proven to be harmful, a similar ban on hazardous production, etc., etc. He added that SF and large sections of the union movement and the Social Democrats would support these things.

I agree 100 percent, but would like to add that such an alternative economic policy that contains wider perspectives cannot be implemented until there is a true labor majority /with a strong left wing./ [in italics] If SF had brought down the government over the March package, the possibility of such a labor majority would have been forfeited for a long time to come.

But it must be conceded that SF must pursue a more offensive policy in the fall. This is particularly true with relation to employment, but it is also true with regard to the national budget--does the left wing have a policy to offer with regard to a national budget deficit of 70 billion kroner? And that is also true of a tax reform that must be implemented. It is seldom that a left-wing party has a share in political power. If one does, the opportunities must be utilized to their fullest extent, assuming, of course, that developments are turned in the right direction. But neither SF nor the rest of the left wing has much experience in this and therefore a mutual dialogue and constructive criticism are a prerequisite for the success of the project.

6578

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CP CHAIRMAN KAJANOJA DISCUSSES STAND ON REVOLUTION, PARTY

Helsinki SOSIALIDEMOKRAATTI in Finnish 23 Jul 82 p 3

[Article by Ulpu Tapiola: "Budget Discussion Will Become Test for Government"]

[Text] According to SKP [Finnish Communist Party] Chairman, Labor Minister Jouko Kajanoja the budget question will become the first real test for the Sorsa government. Social problems are becoming more acute in proportion to the increase in unemployment. On the other hand, stronger speeches about trimming back already agreed upon reforms have been heard recently from centrist factions, primarily from the finance minister.

Kajanoja admits that the Communists and the People's Democrats also have their own reasons for strengthening their positions. The ruling faction of the SKDL [Finnish People's Democratic League] has been too closely identified with the decisions of the bourgeois majority in the government. Their own alternatives have not received sufficient support among the rank and file and the general public.

"The task of the Communists is also to increase pressures on other factions," states Kajanoja.

In spite of the necessity of strengthening one's hold, the premise cannot according to Kajanoja be a trend toward opposition. This would be irresponsible.

"Even from our point of view this government base is capable of producing the best possible budget. But, of course, it is clear that we will not endorse just anything."

Jouko Kajanoja is numbered among those Communists who consider it correct to participate in government responsibility. If, for tactical reasons, it becomes tempting to go into opposition, one must look in the mirror and ask whether the fault is in our own actions. Inasmuch as a conflict between the movement's policy and government work is found, consideration must be given to the way in which this gap can be made more narrow from the direction of the government.

Jouko Kajanoja estimates that an incorrect identification with government decisions is apparent.

"We should be more aggressive and visible in making the rank and file aware of what we are representing and proposing, for example, in the employment question, matters of peace, armaments, and children's daycare. This does not mean that we are not aware of the fact that the solution will not be our proposal, but a compromise. But at the same time that we are making the public aware of our alternatives we can also influence the other parties."

Kajanoja emphasizes that it is not a question of a bluff in making the picture brighter. The objectives are real. In this situation the task of the Communist movement is to work on behalf of better employment.

"Indeed, no person will work unless he has something real to which he can aspire, some kind of a change, something better."

Free of Internal Dialectics

Kajanoja sees two kinds of reasons for this identification, which has been felt to be detrimental. Others have the practice of attributing to the account of the Communists such government decisions on which they, however, had a completely different stand.

"Also the internal conflicts in this movement have to a certain degree caused this identification. Since a part of the movement has been opposed to participation in government, it has presented severe criticism and has not acknowledged the positive achievements that have been accomplished. Part of the movement has been forced into a defensive position as a reaction to this."

Development toward unification in the SKP, which according to Kajanoja is going on in spite of setbacks, will, however, improve and stabilize the situation.

"Needless dialectics within the movement and its repercussions are decreasing as unity is being restored."

When Kajanoja -- perhaps somewhat surprisingly -- was elected to the chairmanship of the SKP in May, he announced that he will leave the government and concentrate on his tasks in the party. However, party comrades were of the opinion that he should continue as a minister until after a new budget has been compiled.

"I think that I will not say anything about this matter now before it has been discussed in the collective organs."

Of a possible replacement for his position as minister, Kajanoja states that he hopes his party's trend toward unity will be evident in the decision.

We Fear an SDP--Conservative Party Axis

Next winter's politics will be dominated by the proximity of the parliamentary elections. Jouko Kajanoja joins in the evaluation that the elections in March 1983 can bring about changes in the political structures.

"There are those in our sphere who are wondering with concern whether these elections will result in a Social Democratic--Conservative Party axis, which will become stronger in one form or another. The possibility is considered to be quite unfavorable. This would almost automatically entail a weakening of cooperation among the leftwing parties. This is contrary to our goals and thinking.

Kajanoja states that we should pursue the continuation of the present type of government cooperation and improve mutual leftwing cooperation after the elections also.

Revolution to a Position of Honor

Recently the chairman of the SKP delivered a speech in Oulu, in which he quoted Karl Marx and demanded a fearless attitude toward revolution.

"We must in the manner of Marx in our politics give greater honor to that fine fellow, the old mole, who is digging for channels leading to the future under the surface of society, revolution," stated Kajanoja.

In the manner of a good Communist, Kajanoja based his speech on the decision of the 19th Congress of the SKP. According to this decision the intent in the fall is to initiate an extensive discussion on a new party program. The speech in Oulu was thus intended to be the basis for this ideological deliberation.

Jouko Kajanoja now wants to bring up a discussion on power and power structures. In his opinion the revolution relating to today's problems is, for example, the struggle for hegemony in the immediate environment, the work place, and housing areas.

In Kajanoja's opinion there is now a social demand for ideological and functional reform.

"More and more people are beginning to see that this present system will not provide any opportunities for the resolution of problems. We are going around in circles and the crises are becoming more acute. Something new must be found. And finding something new is a rather natural task for the SKP," argues Kajanoja.

If we are able to tear people away from alienation by means of immediate democracy and to influence decisions directly concerning their lives, a direct line to decisions at the national level will also open up from this rising level of consciousness.

Kajanoja refers to the new peace movement in support of his way of thinking. In those societies in which the peace movement is strong people are paying close attention to government decisions on NATO missiles or armaments, for example.

"Now there is the idea among people that the decisionmaking process is being taken away from the people and is more and more being concentrated into the hands of government cabinets. Distance and alienation are increasing. A change away from this trend should be accomplished with considerable rapidity."

Consequence More Important Than Support

When Communists who have participated in government responsibility for a long time begin to talk about revolution on a hot summer day in Finland, the result is conflicting. Party members as well as outsiders doubt whether these speeches will be able to stir the worker who is basking in the sun on the pier of his lakeside summer cabin. On the other hand, it is being asked whether a path is being sought by means of these revolutionary speeches to a struggling, orthodox -- and small Communist Party -- as a solution to the internal conflict in the SKP?

"A discussion of socialism in Finland and of Finnish socialism will not reduce the support base," believes Kajanoja and cites examples of European communist and social democratic parties which have regained their losses by clarifying their policies."

Kajanoja also states that he does not know how to measure issues with such a frightful concept as support. The consequence is more important than support. When one talks about the trend of social development, it is not just a question of what happens in the Communist and People's Democratic movement. What the Social Democrats, for example, think about an issue must also be taken into consideration.

Is the question of power among them seen in a new manner and are alternatives for change being sought? The posing of questions and the establishment of goals in the trade union movement are also of considerable importance.

Alternative movements, for their part, are related to a need for change.

All Power to the Councils [Soviets]

The attempt to decentralize decisionmaking power does not in everyone's eyes exactly fit the image of Communists. Kajanoja states that especially on the part of outsiders an image of a Stalinist centralized leadership is willingly attributed to the SKP.

In answer he throws out an old battlecry: "All power to the Soviets".

"From a theoretical point of view this slogan represents a rather decentralized system. It is a rather simple rule that the decisionmaking power should be with those people whom the decisions affect.

The increase in immediate democracy proposed by Kajanoja does not mean a pleasant time together, but a seed for real change. Through actions consciousness will be raised, power structures will be changed and brought down. As this happens decisions of the government and the parliament will be brought to light and will become more and more the subjects of interest.

It is doubtful that people who have cowered in petit bourgeois well-being will in the final count be very interested in the use of power even in issues concerning themselves. Well-being has brought with it a lethargic satisfaction. Individualism has replaced cooperation.

To the question as to whether people are primarily satisfied or alienated, Jouko Kajanoja answers as follows:

"If people are alienated, they will not really think about whether they are satisfied or not. It is a question of withdrawing, which, however, causes a feeling of discontentment. When a person is not able to influence decisions concerning himself, he simply does not live to the fullest degree.

10576

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EX CP CHAIRMAN SAARINEN: CPSU TRUSTS STALINISTS MORE

Helsinki SUOMEN KUVALEHTI in Finnish 23 Jul 82 pp 34-37

[Article by Pekka Vuoristo: "Revolution on a Pension"]

[Text] The great majority of Finns does not consider a revolution to be necessary.

It cannot be proven that the working class is more miserable.

The Finnish Communist Party has destroyed the conditions for a revolution throughout all of its public activities.

But socialism will come, promises Aarne Saarinen, who resigned from the chairmanship of the party 2 months ago. He is not at all startled by these truths.

Pensioner Aarne Saarinen, 68, is building a dressing room as an addition to the sauna in his summer cabin in Vehkasalo near Sysma. When he retired in May, he thought he would build a boat, but this will not happen until next year at the earliest "if I have sufficient patience".

Would not a man who led Finland's most quarrelsome party for 16 years have sufficient patience?

"It sometimes runs out in small things," explains Aarne Saarinen.

"One Cannot Always Be Silent"

When Saarinen was elected chairman of the SKP [Finnish Communist Party] in 1966, he was quite reluctant. A change of power had taken place in the party, and the old leadership which was striving to keep its power had already in advance labelled the usurpers as ideologically suspect.

Saarinen states that there was a "kind of presentiment" of a division.

"But I had no premonition that the situation would become so difficult and so long-term. And I could not imagine what would occur in the international communist movement."

The occupation of Czechoslovakia in August 1968 divided the party even more when Saarinen as the only significant leader of a Finnish political party publicly declared that he did not consider the occupation to be justified.

How did this happen? Would not it have been wiser to remain silent?

"The events in Czechoslovakia did not concern the other parties as much as they did the SKP. And one cannot always be silent."

A walkout took place at the party congress in 1969, and a party split was imminent. According to Saarinen among those who walked out were even those who strove to establish a parallel party.

"They did not acquire a controlling position. The Soviet Communist Party had a forceful influence on this and it has always considered it important that at least organizational unity be maintained."

CPSU Considers Minority More Trustworthy

Aarne Saarinen defends as correct his interpretation that the CPSU has repeatedly supported the minority.

"There in my opinion the minority is considered to be ideologically and politically more reliable. But this issue is not that simple, the attitude is more complex and diverse. Indeed, members of the minority are also criticized there, individuals are given considerable attention."

Is this ambivalent attitude a result of the fact that even though the minority is ideologically more pure, the majority has a position in Finnish society?

"As far as ideology is concerned, there are many ritualistic traits in the use of Marxist terminology. And when the party and the state become identical in real socialism, state interests also play a role in relations between parties," notes Saarinen.

The majority has traditionally argued that they are struggling for power in the SKP, the minority for ideology and policies. Saarinen considers that it is a question of a little of both, but more of power.

"I believe that Taisto Sinisalo is serious when he talks about increasing the ideological element in the SKP. But it is difficult to weigh which factor is the more important in the actions of the minority."

Saarinen states that during his term as chairman approximately three-fourths of the party's organizational work was spent on the clarification of internal conflicts. His own time was spent mostly on general policy.

"Being Disgusted Is Quite Understandable"

Aarne Saarinen has not experienced problems of political morality. He argues that he has always felt he offered the people a genuine political alternative.

"Political speculation does appear. Competition among the parties, which is a consequence of a competitive society, brings along with it some definite cheating, the only goal of which is to strengthen one's position. In establishing my own objectives I have never proceeded from a position of deceiving the people.

"Sometimes I regretted the fact that a poor compromise was achieved in place of a reasonable solution. In making compromises the Communists have the greatest difficulty since others assume that the capitalist system is not being undermined. But one must be realistic and make temporary adaptations, not permanent."

The most recent political document of the SKP argues that ever broader masses of the people feel an interest in and a need for decisionmaking. Saarinen considers that the appeal of privacy is, however, currently a stronger trait. He explains that this is connected with capitalist development, the improved living standard, and increased competition; the latter-mentioned makes people feel tired and disgusted.

"And then there is television and all those tape recorders," states Saarinen as he points to the shelf on the wall in his cabin.

"When the same traits as in tv commercials begin to appear in politics and when limited opportunities are also self-evident, being disgusted is quite understandable."

Is the SKP free of this?

"The result of the domestic setting is that, for example, an auction has been held in wage policies. I myself have not supported such an approach.

"Indeed, even in the SKP people have become more passive."

"A Revolution Has Already Taken Place"

Long time ago already Saarinen declared of the Communists' final objective that the majority of the Finnish people does not presently consider a revolution to be necessary. This is influenced by three factors: the relative satisfaction of the people with present conditions, the increase in the flood of international information, and setbacks in the socialist world.

"Since the war, in fact, there has already been to some extent a peaceful revolution. From a practical point of view the vast reform work in all areas of society has affected the public state of mind."

Saarinen admits as a paradox the fact that the SKP has been an important factor in this reform work, the result of which has weakened the conditions for revolution.

"However, reform policy has not changed the basic structure in spite of the fact that even capitalism has changed. Those who have radically opposed the state's involvement in the economy have had to make concessions.

"The state's share has increased forceably, which indicates that there is, indeed, reason in socialism," states Saarinen.

A change connected with this, for which Saarinen gives partial credit to the SKP, is the development of economic cooperation between Finland and the Soviet Union.

"Would it be too much to say that Finland's economy has in fact been partially integrated with the socialist economic order?" asks Saarinen. He puts forward the argument that precise agreements on objectives which correspond with the Soviet Union's five-year plans are being concluded between the two countries.

"Comparison Creates Satisfaction"

The flood of information from the world, for its part, has given people the opportunity to make comparisons.

"Especially by means of television people can directly experience the miserable conditions in which a great number of the world's people live. This creates satisfaction with our own conditions."

And what about the third factor: why is not the example of the socialist countries appealing?

"Socialism was built in countries for which economic underdevelopment was characteristic. These countries did not go through the phase of so-called bourgeois democracy and they lacked democratic rights."

Is socialism thus not capable of securing these rights without this intermediate phase of bourgeois democracy?

"Traditions carry a tremendous force. The so-called bourgeois democracy even in the Nordic countries is an achievement of the workers' movement. The workers' movement was not able to accomplish this in those semifeudal countries."

Saarinen points out that the SKP abandoned the concept of a "proletarian dictatorship" or in practice the demand for autocracy in 1969 and instead demanded that their objectives include "a peaceful and democratic path together with other democratic forces with the support of the majority".

What are these democratic forces which are always being discussed?

"They cannot be precisely defined. These are forces which are ready for the necessary social reforms as well as for the struggle against conservatism on behalf of peace and social progress."

And what about progress?

"Progress entails such social reforms which alleviate the life of people living under difficult conditions as well as those reforms which give citizens an opportunity to influence social development as directly as possible."

Are there still people in Finland who believe in a proletarian dictatorship?

"I do not know. If one is to ask this question of someone, the answer would be directly out of the official party program."

"A Rather Large Group of Parasites"

Since Finns are satisfied, there is reason to ask whether the Finnish working class is miserable as Marx assumes, absolutely or relatively.

"The position of absolute impoverishment was revised in the beginning of the 1950's. I myself attempted to confirm absolute impoverishment at the Sirola Institute in 1953, but it was not very convincing ...

"The concept of relative impoverishment has become worldwide. It is clear that this is what has happened."

And in Finland?

"That is difficult to answer. I think that if broad segments of the population are included, this is difficult to demonstrate. But if we limit ourselves to those who have slipped between the cracks, for example, the unemployed, whose number has grown alarmingly and if we think about the aspiration of the well-to-do to enhance their position even more, then such a tendency exists. Statistically I cannot prove this."

In theory impoverishment and miserableness occur as a consequence of exploitation. But what is exploitation?

"I primarily define exploitation as that portion of production which is distributed outside of an enterprise," states Saarinen and grins from behind his pipe: "It is one of the more repulsive aspects of capitalism. There are people who receive a large income without lifting a finger in the production process. Corporations distribute income to those who have received this right through marriage or mere family ties, for example. They are outright parasites."

Are there many "parasites" in Finland?

"I do not know how many, but there is a rather large group."

Saarinen is especially critical of the banking system, just for its tremendous size alone: "How much do all the branch offices pay to those who need money? The banks and financial institutions exploit enterprises, and all this must come from production. Their activities do not produce anything and do not create any new values for society."

But a banking bureaucracy is also needed in socialism?

"Indeed, but not to such a disproportionate degree."

"People Do Not Stand Still"

Even though Finns do not feel it to be necessary, a revolution -- for eliminating "exploitation" -- still remains an alternative offered by the SKP. It is presently included in the party's programs, which have been called "a revolution in three phases". The first phase is the "democratic supervision" of enterprises and society, then the "democratic planning" of the economy, and finally "democratic nationalization", which will first be applied to enterprises which do not want to adapt to the goals of supervision or planning.

But is there any evidence that "democratic supervision", for example, makes the life of the average person any better?

"Yes, there is. Experience demonstrates that in enterprises in which relations between management and employees are good, labor peace increases. Material results can also be achieved in this way. And it is always better if an enterprise can use all of its income for the benefit of the enterprise."

And what about the so-called ironclad laws of economics?

"Even Communists must take them into consideration. But ownership relationships and the internal conditions of an enterprise can affect competitive ability to a considerable degree."

Thus does state ownership make an enterprise more competitive?

"An enterprise can also be owned by the workers and officials. Of considerable significance is whether the income from production is distributed and to what degree it is distributed to parties outside of an enterprise."

The difference between a present state-owned enterprise and an enterprise in a socialist Finland is according to Saarinen crystallized in the fact that it functions within the framework of a total national economic plan, "democratic supervision" by the workers is carried out in it, and income from its production is not distributed to "parasites".

Saarinen willingly admits that socialism by itself will not increase the size of the pie.

"The size of the pie is increased by more work and greater efficiency, and it is this goal to which this ill-fated capitalism is striving even pulling socialist countries along with it. Before long this will result in an impasse."

Does socialism now represent a halt to growth?

"No, neither man nor society stands still. But growth will not be given the same expectations as before. It is a question of distributing income and possible growth. We must get away from unrestrained, uncontrolled development, in which the left hand does not know what the right hand is doing -- which is so typical of capitalism -- we must make the transition to a state of reason."

"Finnish Society Lacks Romanticism"

It seems that it would be easy for a Communist to talk. He represents a kind of religion that offers salvation, he alone sees a "better society", from his basic positions he is in continuous opposition, and his life is a "struggle" for the "powerless" against the "class enemy".

Aarne Saarinen, has it been romantic to be a Communist in Finland?

"He-he. Such ideas are always connected with certain periods of time and situations. During the Russian revolution the impression of a religion that offers salvation could have manifested itself even in Finland. But Lenin, for example, was a political realist, who considered that the conditions for revolution are different in different countries and it is not a matter of faith or enthusiasm of the moment.

"Naturally, when such a professional revolutionary faction is created, its task is the same as that of a preacher: to proclaim the word. Indeed, it is a question of an ideological struggle since it is matter of certainty -- and not any matter of faith -- that socialism will be accomplished in the world. In different forms, over a long period of time.

"Romantic phases come about when a real struggle for a social order is waged, romanticism cannot be avoided under such conditions, but Finnish society is lacking all romanticism."

Has your work thus been like that of an official whose task is to represent a stand that the system must be changed?

"Having been in the parliament for 20 years it sometimes seemed that the discussions there were a waste of time. Certainly during full sessions it becomes a club room for superfluous speeches."

Have you ever doubted your own ideals?

"No. Some individual points with respect to Finland's conditions, such as the matter of impoverishment -- but not the totality of my ideals."

10576

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FALLACIES IN MITTERRAND'S EL SALVADOR POLICY EXAMINED

Paris POLITIQUE INTERNATIONALE in French Summer 82 pp 39-53

[Article by Ricardo Paseyro: "Socialist France and the Crisis in El Salvador." Formerly an editorialist on foreign policy and a literary critic for L'AUREOLE, editor in chief of the journal CONTREPOINT (1977-1981), a poet and essayist, Ricardo Paseyro was the diplomatic representative in France of his native country, Uruguay, for 14 years (1960-1974). Ousted by the regime as a result of a military coup d'etat, he became a French citizen in 1975. The author of seven books of poetry in Spanish published in Spain, Argentina and Mexico and translated into several languages, he has also published, in French, "Le Mythe Neruda," Ed. de l'Herne, 1965 (1st ed.) and "L'Espagne sur le Fil," Laffont, 1976.]

[Excerpts] Unduly Exaggerated Affair

In the events in El Salvador, one notes a total lack of proportion between what has actually happened and what it has been turned into. For example, the slogan "a new Vietnam" is now the rage, but not one American soldier has set foot in El Salvador¹ and nothing authorizes such a parallel.

This remarkable brainwashing is of double importance to us because of the role played by the French regime and media.

A *crescendo* shrewdly orchestrated for several months reached a *fortissimo* on 28 March, the day on which the citizens of the smallest Central American nation (21,000 square kilometers) were being called on to vote in the presence of 792 press correspondents from all over the world. At the conclusion of a process whose phases and stages one could easily distinguish, for they are always the same, El Salvador pushed Poland, Afghanistan and the Pershings into the background.

Never within living memory had an election in Latin America² stirred up so much passion in France. At least very few of our fellow countrymen, let alone our ministers, would even be able to place El Salvador on a map, that narrow rectangle of land squeezed between two mountain ranges and with its back to the Pacific. There is nothing shameful about such ignorance: No privileged relationship links the two countries, nor do they share common memories. And yet, that enclave unknown to the French has suddenly become one of the bases of Francois Mitterrand's international policy.

In deciding to extend its protection to one of the protagonists in the Salvadoran civil war -- in this instance, the guerrillas represented by the FDR (Revolutionary Democratic Front) -- our government was therefore not yielding to a sentimental attraction or the thankless duty of safeguarding our material and moral interests. Rather, it was acting in terms of pure politics. It is therefore fitting to examine its political reasons, objectives and success, for it is in fact highly dangerous to take a sudden plunge, particularly as a leader, in matters requiring long experience in the problems at hand.

France is currently represented in San Salvador only by a post director, who does not even enjoy diplomatic status. At the same time, Paris maintains ambassadors in Santiago and Buenos Aires, capitals no less "guilty" of violations of human rights. It is a strange distinction, one difficult to understand. This absence of qualified observers in El Salvador has in fact hurt the Quai d'Orsay. It is obvious that the Salvadoran crisis has taken a turn quite different from that anticipated by our leaders. Had they taken a careful look at the reasons for and possible outcome of the conflict?

France's Policy in Central America

France's attitude regarding El Salvador is based on the assumption that the guerrillas embody the will and aspirations of the Salvadoran people.

However, we have seen that such is not the case.

The very small number of "soldiers" provides our first proof, confirmed by the failure of appeals for an uprising.

On 6 October 1980, the spokesmen for the guerrillas announced in the Mexican press: "Before the end of the year, we will have put an end to the military-Christian Democratic dictatorship" (PROCESO, 6 October 1980). On 28 December, Carlos Torres emphasized: "The conditions are ripe for the final offensive (...). When he enters the White House, Reagan will find an irreversible situation" (EXCELSIOR, 28 December 1980). On 10 January 1981, the Farabundo Marti Front issued an appeal for a general uprising: "The final offensive began at 0500 hours today. The enemy is lost." He concluded: "People of El Salvador, the hour of the liberation has come. You must go out into the streets! Soldiers and officers must disobey and rebel!"

There was no response to the summons.

Instead of heeding the guerrillas, the Salvadoran people turned their backs on them.

Consequently, when health organizations speak of refugees and wandering peasants, they are generally unfortunates fleeing the "revolutionaries."

The fact is that as everywhere else in Latin America, the peasants of El Salvador are conservative by instinct. They do not aspire to take power or to throng to the cities. They are not "politicized." Even in a period of revolt, they are content to have their immediate demands met.

It is futile for the Salvadoran guerrillas, urban-based and intellectual, to try to put themselves on the same footing as the peasants. They are still an emanation of certain sectors of the Communist Party, the universities and the Church which, converted to Marxism, began to take up arms in 1970. They have no credentials enabling them to identify with the Salvadoran people or the peasantry.

In the face of these undeniable facts, one may wonder why, with respect to El Salvador, Paris has followed a line so little in keeping with the actual situation, so harmful to the West and so negative vis-a-vis a regime which, whatever the case may be, represents the lesser evil.

The explanation would be easy if France had changed, but I personally believe, on the one hand, that "France speaks with a single voice" (that of Mitterrand, not that of Marchais) and, on the other hand, that the president is not lying when he proclaims his loyalty to the West, pluralism and the Atlantic Alliance.

Actually, the explanation is to be found elsewhere. France does not have its own policy in Latin America. It is following that of the leftist, Marxistic, Third Worldist wing of the Socialist International.

In December 1980, I attended the work of the Socialist International Congress in Madrid. I was impressed by the both irrational and enthusiastic support given then to the Sandinistas, already in power, and to the Salvadoran guerrillas.

The French delegation, headed by Francois Mitterrand, included Rocard, Jospin, Chevenement and Cot. It was unanimous in giving a standing ovation to Fidel Castro's doubles. One had but to see their disguise: olive drab uniform, beards, boots, to identify those "revolutionaries," whose positions and speeches were also modeled after those of the Havana dictator.

But there was worse.

Anxious to condemn the violations of human rights in Latin America and particularly in El Salvador, the Socialist International Congress omitted any reference to the Cuban regime, which is both the most repressive regime on the continent and the secular arm of Moscow in a region vital to the United States and the free world.

A prisoner of its struggle for influence with Christian Democrats -- who are very active in the Caribbean -- and of the "revolutionary" language and positions it must adopt in order to fight over the Latin American masses with the communists, the Socialist International thus sacrificed its principles to its fear of not being far enough to the left.

Finally, I observed in a short interview that Francois Mitterrand has an essentially literary and quite inadequate perception of Latin America.

When he took office, he conformed to the tactic of the left wing of the Socialist International all the more easily because it coincided with his own views. It was therefore quite logical that as his special adviser on Latin America, he should choose Regis Debray, whose intellectual approach is a perfect illustration of the anti-imperialist mythology in vogue.

The French are unfamiliar with Latin America and do not understand it. It has only been popular for some 20 years, thanks to the triumph of the "anticolonialist ideology."

Since nature has a horror of vacuums, the Marxists filled this particular vacuum with all the imaginable cliches, taken from the communist vulgate, relating to the American continents. These erroneous platitudes are now so entrenched that one can no longer distinguish their origins, the supreme communist victory.

Specifically, the "new French policy" in Latin America is reduced to the application of these cliches by our diplomats.

They are articulated around a few main ideas.

The Latin American nations have allegedly always been the innocent prey of foreign imperialism (personnified by the United States) and the local oligarchies (like that in El Salvador), which have a common cause.

These basic concepts have several corollaries: The internal conflict in Latin American nations allegedly fit into the category of "North-South tension due to social inequalities" rather than that of "political confrontations between the East and the West." Cuba and Nicaragua's shift toward Moscow, the radicalization of some guerrillas (the Salvauorans, among others) reportedly result from the errors of the United States which, by refusing its aid, supposedly threw them into the arms of the Kremlin. One then deduces that the best way to detach them would be to support them, whence the French military and political aid to Nicaragua, the famous "French-Mexican Plan," specially designed for the Salvadoran guerrillas, and Paris' support for the anti-Yankee movements.

These old ideas die hard.

If the French socialists had taken the trouble to study Latin American affairs, they would have learned that the legend of a Fidel Castro forced to turn to Moscow to save the revolution does not stand up to analysis. Huber Matos, who paid for his hostility to the Sovietization of Cuba with 20 years in prison, has told the gripping tale of the totalitarian shift taken by Fidel and Raul Castro as soon as they had gained power.

Likewise, one would have had to be highly naive, as I previously emphasized, not to see, in the Sandinista leaders, the authentic Marxist-Leninists that they really are. As for Ungo, it was his choice that he now heads the foreign organization of the Salvadoran guerrillas under the Cuban thumb.

Moreover, the great majority of Latin American socialists disapprove of both the official line of the Socialist International and French moves in Central America. This disagreement has forced Venezuelan socialists to postpone the date of the IS board of directors' meeting, scheduled for the end of February in Caracas. On that occasion, the French delegation, headed by Jospin, was able to observe the extent of the conflict separating the Latin Americans.

And yet, neither this snub, nor the failure of the French-Mexican Plan, nor the total alignment of the Nicaraguan regime with Soviet foreign policy convinced our president to change his policy, so true is it that in this precise case, ideology plays the decisive role, obscures reasoning and dims vision.

The bizarre alliance contracted with Mexico is one example of this "displacement."

In order to preach morals and welcome the poor, Francois Mitterrand chose as his partners the representatives of one of the most corrupt systems and one of the greediest oligarchies on the continent. To decry the election process in El Salvador, our president surrounded himself with the leaders of a party, the PRI (Institutional Revolutionary Party), which for half a century has refused to give any other party a chance and has turned Mexican elections into a farce.

But outside of these ethical considerations, this alliance, even if temporary, is imprudent. Mexico has used and continues to use France much more than France has served its own interests and policies.

One must remember that for all kinds of reasons, in Latin America, Mexico is the main adversary of the United States. That is why there is a flagrant contradiction between the French will to present itself as Washington's best friend and the creation of a mini-axis openly aimed at opposing the United States in the "American Mediterranean."

Mexico's reasons are very respectable.

No government of that country could follow pro-Yankee policies. History and geography both force Mexico to oppose the excessive hegemony of the United States, at least outwardly. Any nation in the region hostile to Washington is by definition Mexico's natural ally, whatever its regime or ideology. Unlike most Latin American nations, Mexico remained neutral in 1914-1918. Despite its anti-Naziism, it was not until quite late and against its will that it joined the United Nations after World War II.

Mexico's interminable honeymoon with Havana, the automatic aid from Mexico to guerrillas in the area (whether or not they are communist), thus appear to be the fatal consequence of a situation mainly determined by geography.

In contrast, France, where the spirit of the unfortunate Maximilian of Austria should incite our statesmen to reflection, has no valid reason for coming to the aid of a diplomacy that by definition seeks precisely what Paris says it wants at no price: to weaken the United States.

One exhibits a curious confusion or else hypocrisy when one claims to defend the West, NATO and the United States itself better than others by arming those bitterly contemptuous of them. Let us agree that this is not the best way to ensure our influence in Latin America. In a word, the socialist policy in Central America will cause France to be ever more absent from the Latin American arena.

FOOTNOTES

1. The official name of the country is *Republica de El Salvador*, a somewhat affected formula even difficult to respect in Spanish. Authorities in San Salvador are asking that even in French, the contraction be avoided. One should therefore write *Republique de El Salvador* and *El Salvador* and not *Republique du Salvador* or *Le Salvador*. Usage has made it impossible to respect their wishes.
2. Actually, the expression "Latin America" has no meaning, strictly speaking. One should say "Hispano America," "Iberian America" or possibly "Indo America" and "Portuguese America" when referring to Brazil. It is the anti-Spanish, francophile elites of the 19th century that imposed the term "Latin America" from Mexico to Argentina, in order to mark their break with Hispanic tradition and their support for the intellectuals from Paris. I therefore use the expression regretfully.
3. Quoted by Gabriel Zaid: "Des Collegues Ennemis," *VUELTA*, July 1981.

11,464

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COMMENTARY ON GOVERNMENT RESHUFFLING

Athens I KATHIMERINI in Greek 2 Jul 82 p 5

[Editorial: "The Three Weaknesses"]

[Text] No government is reshuffled unless it has failed, because, very simply, no premier will make a decision of breaking up his government and form another one if the one he is heading is effective.

It would be impossible for PASOK to be an exception to this very common truth. Therefore, whatever else is said about the reasons which led the ministerial council of Mr. Papandreou to be reformed, or according to PASOK's newly coined expression "restructured," does not correspond to reality. (The coinage of words is the sector in which the government was outstanding in its triumph, enriching our vocabulary with new words, giving new meanings to old terms and removing from old ones their traditional weight).

There is no question then about the failure. The evaluations of the degree of failure vary from the slightest to the greatest ever known for a government with such a majority and within such a short time span.

These degrees, though, as all of them, are of interest more to the statisticians and the "microbiologists" of our political affairs. The rest is interested in the reasons which led to the failure. These reasons will, to be sure, be of interest first and foremost to the premier because only the knowledge of these reasons will give him the possibility to avoid in the reshuffling, the mistakes which led to the eight-month long failure.

Unfortunately for Mr. Papandreou, it was not the individuals who were primarily responsible for the failure. It was the situation. We say "unfortunately" because individuals change easily while situations are difficult to change, very difficult. Therefore it will be difficult to remove the reasons for the failure.

In the aftermath of PASOK's electoral triumph everyone was expecting to see the implementation of a perfect program which would cover all areas of our public life. Mr. Papandreou himself, on the other hand, had said so on television in the first words he addressed to the Greek people after the announcement of the electoral results: "We are determined to implement our program to the letter." He called on all to begin the work as of the following morning.

The people awaited to see the program. It waited one hundred days and even when these went by it awaited for deeds, it awaited for measures and decisions. Instead it heard words and speeches; it enriched its vocabulary with new terms and new meanings. Few times had the people been faced with such a wealth of words as such a dearth of deeds. This caused perplexity in everyone (nobody could imagine that there was no program), disappointment in most (even for the opponents it is better for a program to exist) and joy in a few (there are those who perceive political opposition only as the destruction of the opponent, and the country).

The government powerless and lacking in will and, according to its expressions, which, at times, appeared to be concerned more with the arrogance of power than with power itself, proceeded to grope down a path between the unbridled pre-electoral statements, the vague ideological orientations and the unextendable accounts of reality.

Only one sector had functioned efficiently: the party. Very soon the line between government and party began to get confused, the limits of the duties among the agencies of the government and the party organizations became entangled. The party seal became another approval of subsidies, much more powerful and much more effective. It is not by chance that this partisan efficiency appeared to bother Mr. Papandreou himself who, at a PASOK cadres meeting at the "Sporting," had attempted to set some limitations, but, as events have shown, rather futilely. Even the premier must be convinced by now that party flood tides are not of the kind that can be easily tamed once they have been assigned the role to "guard"--in effect to take the place of--the government. There is no need to go back to older days in order to confirm this view. The total failure of a series of post-war governments and regimes had been caused primarily by party despotism.

The absence of a program and the increased party role were, therefore, the two elements which were dominant during the eight months of PASOK's administration. If we add the ignorance of the craft of governing, of the craft of exercising authority (which Sophocles and Oedipus call it "the craft higher than all craft") to these two, we arrive at the three reasons which at this moment have forced Mr. Papandreou to break up his government, to fire some ministers, to retain some and transfer others: the lack of a pragmatic program responding to reality, the many-sided, and very damaging for the government, role of the party and the absolute inexperience of most government officials in matters of governing.

First and foremost, Mr. Papandreou must correct these three weaknesses with the "restructuring" of his government. This must be his main objective. If this does not happen, he will find himself very soon facing the same problems and very soon he will be seeking new forms of "restructuring."

Only that in the meantime, the already bad situation will become even worse. And the condition of our two great ills, the economy and the administration, will worsen even more. But how far can this deterioration go? And then?

Naturally, we do not even mention foreign affairs...

PRIME MINISTER'S OFFICE REORGANIZED

Athens TO VIMA in Greek 7 Jul 82 p 5

[Text] Yesterday after the restructuring of the Council of Ministers, premier, Mr. Andreas G. Papandreou decided to effect certain changes in individuals and responsibilities in the Political Office.

Mr. Andonios Livanis, until now head of PASOK's Parliamentary Directorate group, took over as director general of the Political Office. Mr. Andonios Drosis, formerly president of the Urban Communications Organization will replace the director of the parliamentary group.

Mr. Grigorios Kasimatis, until now director general of the Political Office, is named counsel to the premier with new special responsibilities.

With the naming of Mr. Kon. Laliotis as deputy minister for the New Generation and Athletics and Mr. A Livanis to his new position, two vacancies were opened for the positions of counsel to the premier, one of which was filled by the nomination of Mr. Gr. Kasimatis.

Mr. Giorgos Karatsis took over the Premier's Bureau at PASOK (and that of chairman of the Executive Office) and thus will play a decisive role in the movement.

Mr. Makis Papastavrou, a close collaborator of the premier and secretary of the Committee of Emigrant Greeks was named advisor to the deputy minister to the Premier, Mr. As. Fotilas on matters of emigrant Greeks. It is reported that Mr. Papastavrou will fill the position of secretary general when the vice ministry of Emigrant Greeks is formed.

The composition of the Political Office remains the same in the other sections. Director of the premier's Private Office is Mrs. Angela Kokkola, also an old collaborator of Mr. A.G. Papandreou. Mr. Mikhalis Ziangas is the premier's private secretary.

Mr. Khristos Makhairitsas is the director of the Diplomatic Office with the rank of advisor and Mr. Giannis Roumbatis is special collaborator.

Mr. Georgios Kasimatis, professor of constitutional law is the director of the Legal Office with the rank of advisor.

Mr. Giannis Papanikolaou is economic advisor to the premier and also has the duties of secretary of the KYSYM [Council of Ministers]. Mr. Georgios Trepeklis is the second economic advisor to the premier.

Mrs. Khrysanthi Laiou-Andoniou remains as the premier's advisor on women's affairs and Mr. Andonis Stratis, who is also the exclusive commentator of EXORMISI, as advisor on political matters.

9731

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FUNCTIONS OF THE NEW NATIONAL ECONOMY MINISTRY LISTED

Athens I KATHIMERINI in Greek 6 Jul 82 p 7

[Text] The intermediate and long-term planning; the industrial development; the dealing with the problem-ridden corporations; and the investments are the areas in which the Ministry of National Economy will devote special attention.

This was emphasized yesterday by the new minister of National Economy, Mr. Ger. Arsenis, in addressing the ministry employees after the swearing in of the government.

Mr. Arsenis stated that in the new phase of the administrative operation he will give special attention to economic policy. The ministry will play a key role in the formulation of economic policy.

"The changes will be not so much in the economic policy as in the way and method of working mainly. Together with Mr. Pottakis and the deputy ministers the work is going to be collective. This is the case with all the ministries on economic matters with which we will cooperate, either informally or within the new collective organizations."

The new economic policy will be characterized by attention, persistence and decisiveness.

"Government operation," Mr. Arsenis continued, "is not a task of political individuals alone, but it needs the devotion and cooperation of the personnel."

An announcement will be made soon as to the new outline of the new ministry and the responsibilities of the ministers and deputy ministers.

In broad terms the functions of the new ministry will be:

1. Planning, which is the basic sector which will give shape and general parameters for long-range economic policy.
2. The industrial and industrial development sector as well as the dealing with the problem-ridden corporations.
3. The sector of all investments and the monitoring of the Public Corporations program as well as the governmental procurement program.
4. Foreign economic relations.

5. The sector of long-range policy.

For the preparation of this policy the coopeartion of officials of other ministries and banks will be sought.

Mr. Arsenis was introduced to ministry personnel by alternate minister for National Economy, Mr. Gian. Pottakis.

9731

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PSOE CONCERNED ABOUT GOVERNMENT BREAKDOWN BEFORE ELECTIONS

Mexico City EL DIA in Spanish 9 Aug 82 p 18

[Interview with PSOE Organization Secretary Carmen Garcia Bloise by Danilo Trelles, in Madrid; date not specified]

[Text] Considering the wave of conflicting stories which have arisen concerning the Socialist position on the prospect of early elections and, in particular, for the purpose of assessing how PSOE [Spanish Socialist Workers Party] views the possibilities of reaching the government in the forthcoming electoral contest in Spain, it seemed useful to us to seek the opinion of that party's secretary of organization, Carmen Garcia Bloise, who, because of her position, has the best information for making a brief evaluation of the situation with us.

[Question] With what prospects are the Spanish Socialists analyzing the coming elections, and what is the view with which you are facing the election campaign?

[Answer] We are awaiting the forthcoming electoral consensus with the view of a party which is aware of the fact that it will have great popular support, and that this support will surely lead it to assume government positions. This situation might cause the Socialists to think that the conditions are present in this country for conducting a revolutionary experiment. However, we are aware that this situation, which might even be a majority for our party, is based on a policy that we have been maintaining since 1975, of approaching the reality of our country, the purpose of which is the bolstering of democracy; so that there can be no excuse for those who are not satisfied with the return of democracy to retrogress. This means that, since 1977, we have carried out a policy that has led us to accept a Constitution which has been approved by the majority of the Spanish people, and which conceives a model of society which the Socialists share absolutely, and hence feel that they are a part of the commitment that the Constitution of 1978 represents. And we have assumed that position knowingly, and considering that future which we Socialists wanted to achieve, so as to change our country's social and economic structures; because we are a party that has gaged, I believe, quite accurately, the extent to which it was essential for our country to achieve coexistence and a stable Constitution. So, our political challenge at the present time is to consolidate democracy, and to have the Socialists convert the centralist, authoritarian state that Spain has been, experiencing that transition which has charted a course but which has not entrenched democracy, and actually make the political democracy in our country so deepseated that it will enable us to reach

the kind of economic democracy that Socialists want to attain in any nation of the world. This is why, at the present time, we are using very moderate language for some persons and for others as well, who are viewing us fearfully on account of that majority backing shown by the polls, which only the elections, however, will confirm.

[Question] What are the immediate proposals that will typify the action of the Spanish Socialists with respect to the elections?

[Answer] We are undertaking our work, citing some priorities that we consider essential. The most important short-term one includes the development of the Constitution and the institutional order that it entails; making the state of the autonomies a reality: solidary autonomies, autonomies that will cause the wealth of this country not to be concentrated in the richest areas alone, but rather to be shared. And, in our view, the constitutional development also includes a reform of the state administration that will cause this country to be run in a more efficient manner, eliminating the corruption and making the country more effective.

These two fundamental facets are supplemented by a social policy which will attempt to curtail the imbalances that exist in our country. We think that, through education and health, it will be possible to make deepseated reforms, within the context of the Constitution, which will afford the opportunity for Spaniards to be more egalitarian.

The solution to the economic problems includes the solution to unemployment. The Socialists have the challenge of developing the public sector, and both small and medium-sized businesses, through measures such as tax exemption and a reduction in the cost of money. Hence, the problem of the nationalizations is not the fundamental one in Socialist policy. We must try to make what we have more competitive, to facilitate an economic solution that can be felt rapidly.

The Socialist government cannot exclude from its short-term view the necessary change of mentality in the society. We think that we shall have to make a great effort to education, an effort to reach all sectors of Spanish society; a contact that will bring about a sense of responsibility among the citizens, and of participation in the change that the society needs. And we are devoting our best efforts to this, which will unquestionably be very difficult, because it has not been quantified; inasmuch as it involves the action of the entire organization.

In Spain, there are deepseated problems in agriculture; there are problems in industrial reconversion; and there are problems in communication. The Socialist Party must establish a set of priorities which will enable it to tell the people, without any demagoguery, what it believes can be accomplished in 4 years, and where their greatest efforts must be expended. I do not think that we are going to be able to work miracles in the next few years, at a time of crisis, need and lack of resources. And if we are incapable of evoking enthusiasm in Spanish society, so that its members may participate, we could run the risk of having that dream and that enthusiasm, which are evident in a great many places in connection with the Socialists, turn into despair and disenchantment within a very short time. And therefore, in this first aspiration that we Socialists seek, we have stressed

the matter of the types of behavior that we must convey to the citizens. We must make a great effort to lend credibility to the political world, showing that we are fighting against corruption and nepotism. We must attempt to make the economic crisis better distributed. We must try to show that we are capable of achieving control of the money that the state grants to private schools, so as to give more effective support to public schools. We must see to it that there is more stringent control over certain agencies of the Ministry of Culture and the sports federations. Then we can conclude that we have taken a major step in cleaning up this society, and making the change that we seek in the electoral program.

[Question] There has been a certain amount of confusion among the public with regard to the Socialist position on the early elections. What is the party's real position in connection with that issue?

[Answer] I think that there has been a certain amount of exaggeration in the news media with respect to the interpretation of the party's strategy. We have attempted to maintain this government, even though we do not like it. However, no measures have been adopted against the invasion of capital, nor against the constant rise in inflation, nor against the increase in the number of unemployed. In view of the ineffectiveness of the Calvo Sotelo government, there arose the problem of this situation increasing the danger of a caretaker government. So we had to complain and point out that the lack of stability in the government party has almost destroyed the economic stability of this country. We cannot deny our concern over the attitude of certain sectors of this country, which want to put a stop to the democratic process in order to prevent a potential Socialist victory, bringing up the possibility of an extraconstitutional caretaker government. But the Socialists have by no means changed their strategy, because we think that we must arrive at the next elections, but in a normal situation; in other words, by governing. It seems serious to us to leave an empty space with the terrorism and the de facto powers, and for the government not to be capable of coping with them, even though it has a party in a state of crisis. We observe that they have squandered a major asset, namely, the example and the backing that they have had from the Socialist Party, which have enabled us to finish the autonomous map of our country and, on the social level, to carry forward a national agreement on employment that has guaranteed it social peace.

The Calvo Sotelo government has wasted all this, because it has lacked a political projection. In the international realm as well, the deterioration in Spain's image has reached such extremes that the recent signing of the bilateral agreements with the United States took place through the latter's ambassador in Madrid. This is an ordinary incident, but quite telling.

In the ranks of the government itself, since they realize that they are going to lose, instead of making a logical, normal transition in a harmonious manner, to those who can govern better, but holding the reins until the end of the term, they are leaving loose ends, and we observe the ministries engaged in a policy of liquidation that could lead us to a difficult recovery for those who will be governing in the future.

And we were greatly concerned about all this, which is why we made this appeal for attention which, among some sectors, gave the impression that we Socialists were demanding elections now.

[Question] Inasmuch as the problem exists, how do you think the crisis will develop?

[Answer] I think that the ones most interested in calling for early elections will be the trade unions. Because, with whom will the working class negotiate? What compromises will management make? With whom? With a government that has no chance of continuing to govern? With an opposition that does not know whether it is going to win the elections either? What is going to happen to this country? This 6-month period of provisional arrangements seems to be really negative.

[Question] What do you think about the rule that some sectors of the government and other parties are requesting, to the effect of ordering a postponement of the elections?

[Answer] I think that it might be a solution, provided there is a commitment on the part of all the political sectors to hold the elections in March 1983; but it is obvious that, at the same time, it must be decided jointly what we are going to do until then. And, for example, they cannot continue making appointments and designations, nor running the country with a partisan policy, mortgaging the future. This would not be proper, because if they ask for support to continue in existence, this must be established on the basis of a commitment. For example, it would be impossible for them to hasten the country's entry into NATO, as they have just done, without considering the fact that they will be facing elections within a short time.

[Question] What do you think of the recent agreements in the Democratic Center Union?

[Answer] We are rather careful about the analysis or conclusions associated with what is happening in UCD. It appears to us that this is merely a stopgap measure, and proof that, in Spain, the right has never had organizational power. For the purpose of holding the elections, a group of conservative forces (the Spanish Confederation of Business Organizations, among others) has attempted to introduce itself, in order to renew the UCD image. But the latter was created and has remained almost exclusively as a result of the backing given it by power, and when it loses the latter, it will be very difficult for it to succeed.

[Question] What is proposed in your party, in the event that it comes to power: a Socialist government or a coalition government?

[Answer] We propose a government with a large majority in the Cortes. We do not think that it will be possible to continue governing in Spain with minorities. We would like a definitely Socialist government, with the support of some independents, but without considering any coalition yet. Obviously, however, we do not preclude it; but it will depend on agreements to be reached on the basis of definite programs and commitments.

2909

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GONZALEZ DISPOSED IN PRINCIPLE TO FORM COALITION WITH SUAREZ

Bogota CROMOS in Spanish 13 Jul 82 pp 6-17

[Interview with PSOE leader Felipe Gonzalez, by Margarita Vidal, in Madrid; date not specified]

[Text] The young leader of PSOE [Spanish Socialist Workers Party], Felipe Gonzalez, appears to be the most certain guest at Moncloa Palace in his capacity as new president of the Spanish Government, after the general elections, which most likely will be advanced to fall, confirm what appeared in Andalucia as a warning that the Spanish people want a change of course: the overwhelming victory of this leftist group which succeeded in dealing the tottering, erratic government party, UCD [Democratic Center Union] and President Calvo Sotelo a truly monumental beating. Among the confused crowd of 6,000 reporters who attended the World Soccer contest and who, apart from the soccer news, were also pursuing the one who has become the key man in Spanish politics at present, Margarita Vidal obtained this interview, in which the charismatic leader analyzed his country's problems and outlined his personal philosophy for guiding the course of a Spain which has been hit by the unpredictable impacts of a difficult transition toward democracy and freedom.

Interviewing Felipe (just Felipe, because he is on the wave that is arriving now, according to Daniel Samper's dictums) was nothing new to me, but it was exciting after being caught up in the agitation caused by his overwhelming victory in Andalucia, and recalling the clarity, mastery of the subject, assurance, stunning ease of expression and (why not admit it?) masculine charm evinced by him during a distant interview that I managed to hold with him years ago, in the no less captivating Cartagena of the Indies, for television. To tell the truth, and to the detriment of my professional daring, I must admit that I won him over several hundred reporters from all over the world by using the most common and disputable method patented in Colombia: shameless trafficking in influence. Teresa Barbo was the tool and, backed by her long-standing friendship with Carmen, Felipe's wife, I managed to reach the holy of holies of Spanish Socialism: a very small apartment in the crowded residential area of a Madrid suburb, on the odd street called "The Flying Fish," or something of the sort.

The first surprise was to find the Socialist leader living in a setting that suits his political position and style: a simple apartment, bordering the wholesome simplicity of poverty: plain furnishings, a lack of sophisticated decor; handsome but inexpensive pieces of Latin American craftsmanship everywhere: embroidered

Salvadoran pillows, cigarette cases, Mexican papier mache images, Peruvian ceramics, Arhuaco hats, little horses from Raquira, Chocoan baskets, plants and masks; lovely Colombian Indian masks affixed to a wall in his small study, which are the most prized items in a collection which he displays proudly. The second surprise was seeing him the same, perpetually attached to a very long cigar, which is constantly going out; with the same tanned skin tone, strong, hairy arms and slender, beautiful hands, and the same unassuming cordiality, the same willingness to discuss all topics and the same disconcerting ease of expression. He is perhaps a little more attractive with the hair at his temples prematurely graying, and with the same exact awareness of what he wants, and where. But, unlike 5 years ago, it is only a matter of weeks before he reaches the goal.

France and the Bilateral Problems

[Question] The Spanish press mentioned Mitterrand's abuse during his recent visit to Madrid. It would appear that the president of France did not have it all with him on this trip. How did he act toward you during the meetings with him?

[Answer] Reasonably well, considering the tense atmosphere that exists and the difficulty represented by the bilateral problems which have never been analyzed as they should have been. I have always advocated making the relations with France global, regardless of whether the government is socialist or conservative; because there is an enormous commercial exchange between Spain and France, as could not be otherwise, since they are neighboring countries, and France is Spain's leading customer. And, strangely enough, because it would seem that any relationship with France would be detrimental to us, we have a balance of payments that is in our favor. There are very powerful French interests in Spain and we, in turn, have major interests there; in addition to which there are some common aspirations, with different grounds. For example, there is a section of North Africa which is French-speaking, but with geographical proximity to Spain: Morocco, Algeria, etc., where there would at least be a certain amount of complementation in the conduct of each country. There is also the entire Latin American continent on which the French want to establish increasing and improved relations; and Spain, obviously, would have to do the same. I am not telling it to do so, but it would have to do so. Therefore, there is a very large package.

[Question] But the heated issues in Spanish-French relations are basically those associated with terrorism, over the matter, as you have said, of borders, and of proximity, with the Basques' area of activity and with Spain's entry into the European Common Market. What are the main areas for a clash in those respects?

[Answer] It is true, those are two highly important emerging problems. The basic problem involving the entry into the Common Market is remarkably easy to understand. In the first place, we Spaniards have proposed it for many years, as a claim with a fundamentally political essence; in other words, it was the cause of democratization. Now, since the clandestine status, when it had to be such, and even after legality, all of us in the democratic parties have made a great effort to join the European Economic Community; which, in a way, would be tantamount to saying that we would procure the certificate for joining a club made up of countries with political structures firmly founded on democracy. To us, it was basically an historic challenge.

But it turns out that, at the moment of truth, one finds that, understandably, the integration is not only an integration based on a political desire or wish, but also poses very serious economic problems for us and for the other members of the community: the tariff barriers disappear, and from the standpoint of the fiscal establishment's tax system, there must be adaptation to a multitude of regulations. For example, in the iron and steel industry, the community has an overproduction of steel. If a new country joins, knowing that in Belgium they had to eliminate one iron and steel complex of the three or four that they had, understandably the other countries would say: "Join, yes, but with what share of iron and steel production?" And if that share is not acceptable to the community, the latter will resist, or impose a very long period of adaptation.

There is also the problem of the tax system. We do not have the ideal European tax, namely, the value added tax, the VAT, which is extraordinarily important, but which would cause an impact on the Spanish economy that would be difficult to calculate a priori.

Now then, the situation with France is really difficult, because the Spanish public has been given the impression that France is the one opposed to Spain's joining the community, and that all the other countries are in favor....

[Question] And how does France response to that impression among the Spanish public? Mitterrand's visit to Spain did not seem to make any clarification in this regard, and one received the impression that, instead of improving, the relations had become worse.

[Answer] The French have said, and they confirmed it on this visit, that it is a good idea to elucidate the problems specifically posed for France by Spain's entry into the community, and those posed for the others. The findings are interesting. The problems are basically agricultural. And you must know that the greatest progress made in the community has been in what is called CAP: the Common Agricultural Program, wherein there is a major influence from the northern European countries. Therefore, the agricultural and livestock products from that area, the Netherlands, Belgium, etc., are far more protected than similar products from the south, France and Italy, that is. If Spain joins EEC, to give you an example, there is posed a tremendous problem involving wines for France, which is easy to understand; and also involving garden produce and fruit, which are extremely important, because they are products which are produced both here and there. Hence, there would have to be a determination of what the production that both countries will contribute to EEC will be. Of course, if that could be adjusted technically, we could face the future expecting Spain and France not only not to be opposed, but also to be united in the claim against the countries of the north, which are better treated from the standpoint of their agricultural and livestock production. In other words, they would have mutual interests, if they were capable of surmounting their internal contradictions.

In addition to that context, there is in the relations between Spain and France a certain amount of historic tension, which occurs with all neighbors, Colombia and Venezuela, for example. We could categorize it as active or passive, but it will always be a rivalry that comes from their being bordering countries. This

is somewhat the atmosphere in which Mitterrand's visit here took place, and I think that the Spanish press treated him with a completely exceptional harshness, something which did not occur on the occasion of the visit paid by Giscard d'Estaing, who was certainly given much better treatment. Of course, I might add that there is the fact that Mitterrand is a Socialist; and at the present time there is in Spain a certain amount of interest in cutting down the increase in Socialists here; so if a French Socialist arrives and can be attacked harshly, then the Spanish Socialists are being attacked indirectly.

[Question] But the French press has also been particularly bitter; so what there was during the Mitterrand visit was more of a quarrel among the news media, which rarified the atmosphere, don't you think so?

[Answer] What the French press did was to respond. Yes, there is an almost philosophical problem among the news media, which may not be so important.

[Question] One of the attacks made by a preeminently right wing sector on the PSOE is that you are opposed to Spain's entry into EEC; and there is the impression which is rather a fear, that once you are in power you will withdraw from it. Does that correspond to the truth?

[Answer] No, on the contrary; the Socialist Party, which is the one with the best ties with Europe, is the one that has given this plan the greatest impetus, for years, when the party did not exist nor was the right wing thinking about the issue. That is an asset of the Socialist Party, even with some very nice paradoxical situations. In England, they have just sent me a copy of the debate that arose when they joined the community, in which there was a clash between the British business owners and Labour Party members, a very severe one, when the value added tax was debated, one of the factors that is causing clashes here as well, and an issue on which there is a debate under way right now in Congress. But the clash there was due to the fact that the British businessmen were upholding the establishment of that tax to join EEC, while the Labour Party members were opposed. In Spain, we Socialists are in favor of the establishment of the tax, and the business owners are opposed to it. We believe that it is a valid instrument for the Spanish economy, and necessary for integration.

A Crisis Is a Matter of Opinion

[Question] Of course, I am not fully cognizant of the problems besetting Spain on its various levels but, from reading the press, and the magazines as a whole, and from what one hears on different levels, there would appear to be a major crisis, not only a political one, with the weakening of the government party, but also in the economic and social realm, as one infers from this. Could you analyze that crisis?

[Answer] It depends on the view of the crisis. If the dimension that is given to the term crisis is the one that the citizen has, that of a more or less disastrous and chaotic situation, I would make a different assessment. But if a slightly more scientific dimension is given to the term crisis, I would say that there is in Spain a completely normal crisis, considering the transformation of a centralist, authoritarian state into an autonomous, democratic state.

It is a normal crisis. From a scientific standpoint, Spain is suffering from a crisis, yes, but a natural, hopeful crisis, which is the crisis of the liquidation of centralized, dictatorial structures and the creation of a democratic structure and a new distribution of the state's powers; it is an historic venture, in the positive sense of the term, a venture with an extraordinary dimension.

[Question] What significance does that historic projection of the new distribution of the state's powers, of the autonomies and of the weakening of the government party (and no one knows how the latter is being supported) have for the country at the present time, and as things stand now?

[Answer] The power here was concentrated in a central government, and we are now attempting to distribute that share, which is 100 percent of the power, among different communities; and this, of course, poses some very difficult problems, possibly the most important historic challenge in the entire history of Spain over a century and a half. And, of course, it evokes resistance, which must be added to the notion of the crisis. To some sectors of Spanish society, including the Armed Forces, the autonomous plan, that is, the new distribution of the state's powers, means, in their own terminology, the breaking of the unity of Spain, the unity of the nation. There is a movement of reaction to this, that is, to what is an operation involving the centrifuging of the state; there is an action for centripetalizing the state, which has caused clashes and made sparks fly. This is a difficult process which, moreover, is taking place at a time when the entire world is in a state of economic crisis. Now the economic crisis in Spain has some specific factors which make it more acute. Spain is an industrial country, halfway between the development of a model industrially developed country, such as Germany, for example, and a model underdeveloped country, as any African country which is struggling for development might be (without offense to anyone). Spain has highly industrialized areas and far less developed areas, as in the case of the North-South relationship: an industrialized north and an undeveloped south, but with a rather high wage level. Now the economic crisis has struck Spain first: with a lack of raw materials. Hence, we are paying for all the increase in the cost of raw materials indirectly. Furthermore, we still have an industrial structure which cannot compete, because we are not equally developed from an industrial standpoint; but it is not comparable to the new industries emerging from the underdeveloped countries either, because our wages are much higher and therefore we are not competitive.

In the textile field, there is a large number of countries producing under better economic conditions, because wages are five times less than in Spain, and that eliminates competition with the heavily industrialized countries. That is our tragedy from the standpoint of the economic crisis. And, along with these major problems, an economic crisis and a crisis in the restructuring of the state, there are the problems which entertain the news media far more: the crisis of the political parties, the fights of the political families, which I think have a lesser relative importance if they are analyzed in an isolated fashion, but which assume extraordinary importance if, along with the problems of the restructuring of the state and the economic and social crisis that we are experiencing, we have a political power based at present on a party structure that is worn out, and on a government party that is worn out, that does not function and that can by no means undertake the solution to the state's major problems.

[Question] What are the causes that have brought about this situation within the government party, and have led it to such a state of internal crisis that they preclude its finding a solution for those major problems?

[Answer] It is particularly difficult for me to analyze the causes of the crisis within the government party, not because I cannot analyze them, but rather because I should not analyze them, so as not to create among them elements that would confuse them even more, or exacerbate them more, or divide them more; in other words, out of a certain sense of responsibility.

I believe that the birth of UCD, the government party, was a birth in crisis. There are people in it who call themselves Christian Democrats, people who call themselves liberals, and people who call themselves independents. In other words, if that were true, either we would find ourselves with the Mexican PRI [Institutional Revolutionary Party] which, as you know, covers a tremendous spectrum, ranging from people who consider themselves progressive to those who are highly conservative, including the most powerful oligarchy of the Army, or else it would cover the entire representative spectrum of a country such as Germany, wherein there are really Social Democrats, liberals and Christian Democrats. If one were to start with that alone, it would include 90 percent of the society. But, since that is not true, we must admit at the outset that it is fictitious, and therefore the entire setup made initially, including the ideological composition, is also fictitious. Why has that fictitious setup been maintained? Because there is no better cement for joining dislocated parts than power; and so long as the latter is held, people will continue to remain around it, like mosquitos around a light bulb. But it has been maintained around something fictitious. So, the interpretation that might be given from a conservative position to an industrial policy, for example, is different from that which might be given to the rest of the economic policy from a more progressive position. Thus, you find that there is a very great assymetric quality, if not contradiction, among ministerial departments of the same government. There is no common program plan, with common frontiers; but there are more deepseated psychological problems. I am convinced that the exercise of power is legitimized at the polls, by the vote, in democracies. But, in addition to this, there is another legitimization which is not conveyed at the polls alone: moral legitimization. One must feel legitimized for the moral exercise of power in the society, and I do not think that this has occurred yet in the Spanish society. There was a certain amount of fear in Suarez, and I think that there still is in the governing group, a fear of confusing authority with authoritarianism. Hence there has been a certain amount of relinquishment of authority, which produces an atmosphere that frightens the society, because it seems as if there is no political power in existence, nor government action as an exercise.

There Is No Nostalgia for Francoism

[Question] Yes, what one gleans on the street, with the uneasiness of a reporter, is exactly that impression. The Spanish people, on all levels, from the taxi driver and magazine vendor to the industrialist or the banker, complain of the lack of a government which really exercises its function, in other words, which governs. That if there are problems, then they must be solved, whatever the cost may be, and whatever the wear and tear may be. So could it be claimed that there is in Spain a certain amount of nostalgia for Francoism?

[Answer] No, no, there is not. Of course, there is a portion of the society which does have that nostalgia for Francoism. But this is a people who want freedom. It was possible to establish Francoism only with a million dead, which is too many, and with a repressive apparatus which, in the end, was only that: a repressive apparatus and not a state security apparatus, which is something different. The state security apparatus is one thing, and the repressive apparatus is something else which, after a million deaths, reached an inertia here that lasted for a very long time, as in any country of the world, naturally. Just imagine the length of time that Pinochet has lasted in Chile; and, relatively speaking, Pinochet is a little Sister of Charity compared with what Franco was like in Spain, although the Chileans refuse to admit it.

[Question] From what I have been able to observe during the time that I have been in Spain, and from what I have been told, PSOE has become something like a prop reinforcing the government to prevent it from falling ahead of time, sometimes not even attending Congress, so as not to have to vote on certain issues. Isn't it somewhat contradictory for PSOE, an opposition party, to have become a crutch for the split government party?

[Answer] It is not somewhat contradictory; it is contradictory, without the somewhat and without anything! Come now, it's contradictory! But not because we attend Congress or not, for that is not ordinarily true, although it is interpreted as being the truth. It is on account of something far more serious: A year and a half ago, we made the firm decision to strengthen and protect the civilian authority represented by the government, realizing that we did not like it and that it was not the government that we would want. We offered a coalition, point number one. The government did not accept, and told us that it was willing only to hold dialog and to negotiate with the Socialist Party the state's major problems. We said yes, but we considered it a mistake. Then what happened? The Socialist Party has actually been supporting the government and negotiating with it to deal with the state's major problems, and it has admitted this to the public. We have clearly admitted that contradiction, and the government has never admitted it; a lesson that I shall never forget in politics, never. I believe that the exercise of power must be carried out with complete honesty toward the public, because no one can deceive the citizens, isn't that so? And if a government is supported by a political party other than its own, the citizens would know it within 2 months and the Spanish people would have known it for a long time. The fact is that we have admitted it as a contradiction, and the citizens have understood it. But the government has not admitted it as a logical contradiction in its governing task. The Spanish people realize that it has refused to admit this, and that is why the government has increasingly less popular support.

[Question] Isn't that move dangerous, since with things as they are you must necessarily share the discreditation and attrition of a government which is not functioning and which you, strangely enough, are bent on supporting? How can it remain as an alternative?

[Answer] Not only is it dangerous, but it has posed serious problems for us. I have said this often and now, recently, in the Andalucian campaign: "We back this government whose program is not to our liking, but we back it against those who want to destabilize the country, against those who want to return to the dictatorship." That is dangerous. We have stated it a great many times and, of course,

anything that might mean attrition for the party disturbs us. But, up until now, the facts appear to have proven to us that not only have we had no attrition, but the respect for the Socialist Party has been gradually increasing, and it is claimed that, at present, we would be in a position to win the elections.

[Question] All right, but why do you admit that contradiction, against all the risks?

[Answer] Because there is a priority for us, which is the number one priority, transcending the specifically party program: namely, to defend the democratic institutions and the functioning of democracy, an asset that is very meager in Spain, historically weak and historically an exception. We are willing to sacrifice party alternatives that are specifically those of the party, to defend what seems essential to us: namely, to continue living in freedom and peace on the streets. The people realize that. They realize: "This is not what the Socialists would like to do; if they do it, it is to prevent the loss of freedom and coexistence."

[Question] If PSOE were not to operate with that view, and really exercised its essential alternative as opposition, what would happen in Spain? Would the government disintegrate? Would there be political and institutional chaos? What would the dangers really be?

[Answer] The people here, including those who have not voted for us, who will not vote for us, and will never do so, recognize that the Socialist Party is performing the functions, not of a prop for the government, but rather of a backbone for the functioning of democracy, and that it would be risky to deprive it of that fundamental support out of party sectarianism. Because they know that the government party will not last long, since it is in a period of quasi-obliteration. It is a divided government party, with flights on one side and the other, which has lost parliamentary majorities and which gives the impression of not being concerned about the society's problems, but merely about how the shares of internal power are being distributed. And I tell you that it is very difficult for me to say this, particularly because you will be publishing it in Colombia. It is very difficult for me to say these things, because I don't want to be misinterpreted, and because the written word has a harshness that is lacking in the tone in which I am explaining it to you, which is even friendly, isn't it? When such things appear in writing, they seem overly aggressive.

(I look at him, attempting to find some trace of apology in his manner, of asking to be forgiven for harsh criticism aimed at his established political enemy, out of his sense of responsibility or that of the political expediency of the occasion, with the protective crutch that helps him to limp. There is nothing of the sort. It is a mere comment made in passing, with a smile which is meant to smooth the cutting edge but which leaves the impact of the crushing blow intact. And he continues the explanation, which is like a flood without periods or commas, a veritable display of ease of expression that forces me to follow him with dizzying speed.)

Well, in this situation, if the Socialist Party were to go out on the street, or outside of Parliament, saying: "We intend to destroy this government," we would

really be in an immediate power vacuum state. And how would that power vacuum be filled? In politics, there is never any permanent power vacuum, and I think that, in the Spanish situation, there is currently an operation to replace the government that is under way, concerning which I shall not give you any further details. It is what is called a caretaker government which, in my opinion, is a negative attempt, deeply negative for democracy.

[Question] All right, don't give me further details, although my guess is that it might involve the action that Suarez is taking to retrieve the party control and to form again a right wing coalition which would, once more, thwart PSOE's progress. Of what does that caretaker government consist?

[Answer] It consists of replacing the present government with what they call a team of independents, backed by a kind of broad right wing platform, in an attempt to actually prevent the Socialist Party from winning the next elections. The means whereby they intend to achieve this remain a little more concealed, whether there will be an attempt to delay the elections beyond the maximum period of time called for by the Constitution, etc.

[Question] At this point, an issue comes up that is constantly being discussed in Spain, namely, the position of the Army, in which the uneasiness is visible. What is going on in the Spanish Army?

[Answer] I shall tell you only one thing about this: In the history of Spain, the involutionist movements that have always existed in the Armed Forces have, in my opinion, been based more on civilian investigations than on movements of the military themselves; and, unfortunately, that is still the case.

[Question] You have just won the elections in Andalucia in a sweeping fashion, obtaining the absolute majority for the first time in history. Do you think that this warrants your expecting a similar result in the forthcoming general elections, or did the situation in Andalucia have other regional ingredients, such as the fact that you are Andalucian?

[Answer] It is usually claimed that no one is a prophet in his own country. So that should not explain the good results in Andalucia, if it is true. The situation in Andalucia may be analyzed either briefly or at great length. There is a very depressed socioeconomic situation there, but that also exists in the Canaries, where the election results were different. And it exists in Galicia as well, where they voted for the right. It is a fact that we in Andalucia have always been at the top, although we have risen fabulously. I don't know; the fundamental question about that surprising result, which the party has accepted with discretion and good judgment, is whether it is a phenomenon that can be extrapolated to the entire Spanish society. In absolute terms, I think not; but, relatively speaking, one can detect, and the polls indicate it, that there is really a constant increase in the expectations of voting for PSOE.

[Question] And what is the explanation for that increase?

[Answer] First, the fact that the party has been acting with a great historic responsibility, which the citizens note, as I said before. And it turns out that

the party has increased votes to the left and right of it and, strangely enough, more to the left of it; which means that there is a new consciousness among the citizens seeking security in the alternative, in other words, unwilling to live in the uncertainty of the "majority minorities," which must constantly look for votes here and there, so as to come out ahead from day to day. So there is a citizens' movement, not devoid of a certain amount of concern over the prospect entailed by the possibility of a Socialist government in Spain soon, but a movement of hope, mixed with security. And this has been a deciding factor in Andalusia. The government was constantly saying: "The Socialists will govern with the Communists"; and the Communists were saying the same thing: "You'll see how they will govern with us." And the citizens, with an intelligence that does them honor, have said: "No, they will govern alone, and here are the votes so that they will not have to govern with anyone. We are putting them to the test." And I believe that this is a phenomenon that could occur throughout all of Spain. Come on, I believe it!

[Question] Within the range of political possibilities, coalitions, etc., I have heard it said that if UCD should be the leader again, a coalition with PSOE could not be ruled out. Is that possible?

[Answer] I don't believe that this is the prospect. In principle, I don't believe that it is. I don't want to judge, I refuse to go into the matter of how the UCD internal problem, which I consider difficult, will be settled. There would appear to be a prospect of an understanding or compromise between Suarez, Calvo Sotelo and the president of the Congress, Landelino Lavilla, who would form a kind of triumvirate, with the party's power. I don't know whether that is a reasonable solution. I think that it might be such in a party that seems to lack a head or a leadership. But UCD's future fate is very difficult to predict.

From my political perspective as head of the Socialist Party, all that I can say is that we want to have an absolute majority and that we are heading toward a majority plan, as we said in Andalusia. But I also think that, from the standpoint of the political responsibility of a party such as ours, we should by no means be telling how the future coalitions will be made, because that precludes, a priori, the possibility of being a majority. Obviously, if the party does not have majorities, and if it is true that Spain needs a majority in order to be governed, it is impossible to govern with a "majority minority," with all the elements of upheaval and insecurity that this produces. But until that problem is based on the reality, we shall not give you an answer; although I, personally, think of (and failing to do so would be lack of foresight in politics) how that measure could be supplemented. However, I don't believe that Suarez is considering a coalition plan. It would not be logical, for the same reason that I have given; because Suarez has won the elections twice, and in the event that he were considering a coalition plan, it would be with the same consideration that I make: "If I don't obtain the majority, then I'll probably have to make a coalition plan." But not the contrary, as some are attempting to depict it.

What Will Happen to the Communist Party?

[Question] Moving to another topic, what effect will the crisis that has occurred in the Communist Party, and its resultant decline, have on the balance of political forces in Spain?

[Answer] I believe that Spain is a country which will never vote communist, like Italy, France or Portugal itself, actually. The PC has a representation of about 9 or 10 percent, which may drop by two or three points. It has a difficult limit on growth, and at this time of crisis that it is experiencing, the trend seems to be downward, and considerably so. Nevertheless, one must objectively admit that the PC has played an important role in the Spanish transition, and that its leadership has greatly helped that extremely difficult transition to take place in an atmosphere of peace and quiet, calmness and political compromise. What effect could its crisis have in the future? That is something difficult to predict. I believe that there will always be a Communist Party in Spain, and that, apart from its growth or decline, it will be relatively small, and may stand at 6 or 7 percent when it is at a very low point, and at 12 or 13 percent when it is at a very high point. I am referring to historical terms, not from one year to the next. At the present time, there is a clear trend in the leftist vote in Spain, and the progressive center vote, toward what I would call a majority for change, which would have a working tool and an agglutinating element in the Socialist Party.

So, if we do not succumb to the temptation of thinking that the Socialist Party is representative of 50-odd percent of the society, because that is impossible for it, as such, but rather is the tool which that percentage of the society is willing to use for the change, in other words, if we do not engage in political triumphalism, we may be able to play that role. We must make PSOE continue to be a nonsectarian party.

[Question] It appears to me that Fraga is counting on the possibility that Spain may revert to a bipartisan system politically. In view of the current conditions, is that good or bad? Is it possible or not?

[Answer] The political formations of parties are not good or bad in themselves. So, if there were a bipartisan system, it would not be better or worse than if there were a system with four, five or six parties. This depends, first, on the requirements, on the capacity to represent that political spectrum and the orientation that this political formation assumes. If the bipartisan system is interpreted as the confrontation between two blocs of Spanish society, it would be as bad as if there were four parties, but confronting each other in two blocs. It is obvious that Fraga has, for a long time, wanted a right wing coalition to exist. It is obvious that Santiago Carrillo has, at certain times (and he is contradictory in this respect) stated (for example, during the Andalusian campaign) that it was necessary to proceed toward an alternative based on unity of the left. A week after Andalusia, he said that it was very dangerous for the society to be divided into two blocs: a party headed by Fraga and PSOE, which contradicts the previous view, because the only difference that exists in that bloc division is that they are present. So, I don't think that they are the ones to guarantee peaceful coexistence. I think that Fraga is acting as what he is and what he represents: a right wing party which is in the process of growth and which wants to agglutinate all the right wing forces to prevent PSOE from winning. It is for this reason that he brings up the bipartisan theory which, in principle, does not seem either positive or negative to me. Our historic obligation is to agglutinate around PSOE the vast majority of forces that want progress and change. We are not proposing a leftist pact, but we are attempting to offer the party as [unclear] to those forces.

I shall be very circumspect and respectful in this matter, but I think that it also depends on the manner in which the political forces develop, and who heads them. Of course, if what is being said through this message is that there must be a right wing party, hard and fast, and a left wing party, hard and fast, I consider that bad for Spain. Or, if what they are saying is that the process of the society is going to become mature so that there will be a right wing force which understands the game of political alternation and which understands the need for moderation with coexistence in Spain, and that there will be a left wing force which understands the same things, then it need not necessarily be bad. As stated by Fraga, it sometimes seems to me that there is a harsh connotation in it, which I don't consider exactly positive for the society.

Does Felipe Have Sheep's Clothing?

[Question] In certain right wing sectors there is the notion, in the event of a possible PSOE victory, that Felipe Gonzalez, as a person, would not arouse fear, because they observe in him consistency, good sense and political maturity. But there is a touchy subject, namely, that of the financing of his political campaigns which are enormous, effective, ostentatious, complicated and expensive; and, they claim, one does not know afterwards who has financed them and who will foot the bill for that financing, which cannot be covered by the electoral law. Could you dispel that doubt?

[Answer] In your question there are two completely separable aspects. The device ordinarily used in politics by the right is: "All right, Felipe would be acceptable, because he is a person who seems to understand the reality. But then there is the party rank and file: the radicals, etc." It is even claimed that there is no technical ability in PSOE. The joke that UCD has always made and no longer dares to make is this: "Of course, any of us is replaceable, because there are many valuable people to replace us, but that is not the case in PSOE, because who could replace Felipe?" That is just a group of superficial jokes, to which I never respond sharply, because it is very easy to start an argument. I could say: "No, you see, it is not a difficult problem to replace me in the party, and in any matter to replace any of you in the government party. One could claim the reverse; in other words, in UCD, whoever its head may be, it will continue to be a disaster! And in the Socialist Party, when I am replaced, we shall see whether it is a disaster or not." Those are the statements that I never make. In PSOE we have people with a remarkable human, technical and intellectual quality, and I know several hundred comrades who could do better than I. It so happens that the "bete noire" of the Spanish right is Alfonso Guerra, who has probably one of the finest sensitivities to the world of art, literature, drama and films existing in Spain, with a vast intellectual quality, whom they describe as rude, and who has never uttered a swear, something that I cannot avoid uttering during the day, and quite often. But there are many distortions of that type.

Then there is another aspect which is completely different, and truly despicable, of which he has told you about it: the aspect of the campaigns. Look, let me tell you something that is a fact: We spend on an election campaign, for many reasons, including the fact that we lack money, a fifth or sixth of what each party of the two comprising the right wing spends. Actually, from the viewpoint of the effectiveness of the election campaigns, everyone says that we are the best.

For example, I have found that, in the Andalucian campaign, for every minute of radio time for which we paid, UCD paid for from 5 to 7 minutes; in other words, if we paid a million pesetas, theoretically, UCD would have to have paid 5 or 7 million. I say theoretically, because from a practical standpoint I don't know whether they paid it or not; it is all the same to me because, in any event, it is money that is spent. And, in addition to paying far less, we pay, and we do so religiously.

We pay with a device that is now starting to concern us, because we are burdened with three election campaigns, and that is too much. In other words, we recover part of the financing in votes. But we do not have campaign expenses alone, because we are a party which operates every day, not a force for holding elections. We have houses of the people all over the country, and a party headquarters that is in operation. In Andalucia, we had 27,000 members engaged in the campaign, whereas, if UCD wanted to assign 4,000 persons there to work on the campaign, it would have to pay 4,000 salaries. Our people work because they want to, and because they are members of a leftist party, the Socialist Party. We receive loans from the banks. That is our source of financing. We receive loans, not assistance on a non-reimbursable basis; and we do not take assistance on a non-reimbursable basis from anyone but the members who pay.

Imagine our spending more than 50 percent, or twice the amount that we receive for the votes that we obtain. For example, we received 500 million pesetas, and we did not spend 1,000. How do we make that missing surplus? With something that is fundamental, and that some of those people do not do because they do not pay the ones to whom they owe money: we make a financing plan. We establish a plan for 4 or 5 years (which is how the banks lend us the money) to pay off the debt and the interest; and, up until now, we have not had any financial trouble. We have a very small infrastructure with considerable relative efficiency, and we curb the spending greatly. So, that statement which you made to me is a joke, and for the first time I am giving as lengthy an explanation as the one I am making to you, because it had not occurred to me. It always makes me laugh when they say to me, in a country where I don't know what debts the parties have, but I do know that there are some which, when they request money from the banks, request it on a non-reimbursable basis. They pay nothing, and they do not return anything.

Mitterrand Has Had Mistakes, But Successes As Well

Question| Of course, I realize that it is a mistake for any country to borrow models or experiences from other countries, because each country needs to gear strategies and policies to its own idiosyncrasies and requirements. But don't you think that the situation in France, after the first year of Mitterrand's administration, which is beginning to be charged as negative in various respects, might influence the Spanish people, when it is shown, for example, that the socialist management is dangerous from an economic standpoint?

Answer| The first thing I would like to say is that I don't believe it. Our socialist program is not like the French one. I believe that mistakes have been made here, and that there have been successes. It is claimed that the situation in France is worse than in other countries, and that the battle against inflation has failed. Those who say that are lying; they are lying. Mr Giscard

left the inflationary process with an upward trend that these people have stopped, which is already a success. Let them tell me in what respect they are failing. They have made mistakes, and they are correcting them. For example, they are now applying, so to speak, an austerity plan, which is a stabilization plan; because they know that they cannot continue with an economic abandon such as they had the first year. Furthermore, the upward trend in unemployment has been stopped, and that has been an accomplishment of the French Socialist government. The fact is that people don't want to give credit for it, and, in my opinion, there has been an attack, not only on France, but on France in particular, by the American economic policy, which has seriously hurt it; and not only France, but many countries, such as Spain. And that does not depend on the specific management of a concrete government; it depends on the American policy. For example, we are suffering from a major foreign currency drain, and at present we are paying 112 pesetas or more for the dollar, in the highest quotation in history; which, in fact, entails a depreciation in the value of the peseta owing to factors which cannot be controlled internally. To put it differently, in my view the French policy, which the right wing Spanish press must necessarily depict as negative, understandably, has not been negative when it is analyzed chapter by chapter. Rather, it has been positive. And I would tell you something else: Generally speaking, the French public, as shown by a recent poll, still thinks that it would vote for Mitterrand at present. And, furthermore, I think that there has been a rebirth of hope in France. Having said this, which undoubtedly appears to favor us, I think that it will have very little influence here.

There Is Not Total Program of a Socialist Type

Question: What limits does the Spanish Constitution place on the implementation of a total program of a Socialist type? What obstacles would you encounter in successfully implementing it?

(Answer) There is no total program of a Socialist type, so that he may understand one another. If one has a current idea, a common idea of the nature of Socialism, one observes that Socialism is really an aspiration for deep-seated changes in the societies, leading toward a freer and more egalitarian society. And when I say egalitarian, of course I am not thinking of the uniform model, with buttons up to here, wherein everyone is cut according to the same pattern. Because, if equality today is not also interpreted as the right to be different, and not the right to be privileged, it is nothing but a totalitarian attempt to treat everyone with strict impartiality, except for those who hold the power, who are established as the new privileged class. So, with that concept of Socialism, there is no total Socialist program. There is no overall program which says: We are going to create a Socialist society, and that requires doing this and that. There is a constant movement, with permanent pressure toward change, guided by cause objectives which are lofty in themselves, of achieving individual and collective freedom, and enhancing the quality of each individual; and with shares of equality for each person and each group as well.

Now then, with that plan, which I say is more spiritual, which is an intellectual plan open to the search for new formulas, with that plan I think that the Spanish Constitution affords all the opportunities. I shall quote to you from merely a few articles in our Constitution: "The public authorities will remove all obstacles

which impede the real equality and freedom of Spanish citizens." That is a constitutional mandate for governing. It says: "Listen, do it!" and it removes any obstacle which prevents it. Therefore I think that the Spanish Constitution, fortunately for the country's good and for its peace, establishes principles of freedom and pluralism in a mixed market economy. It does not state how much of a public sector or how much of a private sector. I want to remind you that, in Colombia, Venezuela and Panama, there is far more of a public sector than in the Spanish economy, far more. Here, however, there were some who tore their garments because they assumed that we intended to propose the nationalization of the electric companies, which we have not proposed. You did so in Colombia a long time ago. In Venezuela, the oil and iron industries, and of course energy, etc., are nationalized; and no one says that those countries are in danger of virtually heading toward communism. And, as a counterpoint for the members of the left, they are not countries which have achieved amounts of equality that could satisfy me to a minimal degree, either. They are dreadfully imbalanced too. This is not a criticism, but rather the fraternal response to a reality.

Well, that is the spirit in which we have approached the aspirations of the program, and there is something which concerns me greatly, and which is probably a concern that would still be considered elitist: I do not think that the platforms for the change in the present society are the same ones that existed in the society at the turn of the century, and I think that if one cannot understand that the parties are running the risk of being divided and hence not representing those new platforms for change expressed more or less correctly by the pacifist, feminist and ecologist movements (which do not seem to make sense in the industrialized countries), he is turning his back on the aspirations of the modern society; because those aspirations are now not only for a better wage (I say not only), but also for a better quality of life and a better culture, and that could be an orientation and should receive a different response.

[Question] In conclusion, those who reflect on the political future of Spain maintain that the Spanish Socialist Workers Party, PSOE, was not counting on the responsibility of the government in such a short time, and is probably not prepared to assume it? Is it?

[Answer] I believe that we are less ill-prepared for that than the others.

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REACTION GIVEN TO CHANGES IN HIGHER EDUCATION LAW

Academics React to Changes in YOK

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[Text] Ankara--While faculty members' reactions to the recent changes in the YOK [Higher Education Council] law continue to be expressed, the topic has begun to be discussed in YOK administrative councils for the purpose of determining an opinion. The paragraph that causes reactions in particular in the amending law, which gives new powers to the YOK, reads, "Hearings will be held through rectors' disciplinary procedures, and decisions will be reached. Those teaching personnel who are deemed incompetent in carrying out their duties as proposed in this law along with those who act in violation of the purpose, basic principles, and proposed system of higher education as defined by this law will, at the proposal of the university president or, directly, through the normal procedure, be dismissed from higher education or will, on a trial basis, be assigned to another institution of higher education."

Ankara University Faculty of Law Prof Nusin Ayiter evaluated the recent changes in the higher education law. He said:

"I have not yet seen the text of the law. From what I have learned from newspaper reports, I can characterize these amendments in the law as the power of disposal to engage in a purge and, at the same time, the power of disposal, in respect to law and an institution, to eliminate the right of personal thought. I wish to stress once again that I need to see the text in order to give a detailed opinion. However, I am not looking forward to the implementation of these legal changes."

University of the Bosphorus President

During yesterday's ceremony celebrating the 209th anniversary of the founding of Istanbul Technical University, we asked University of the Bosphorus President Prof Dr Semih Tezcan his views on the amendments that went into effect upon publication in the RESMI GAZETE the day before yesterday.

He responded by saying, "Has an amendment been passed? Well, was there going to be a change? I have heard nothing about a new change. I have not yet seen anything." Our conversation went on:

"The YOK law amendment that went into effect yesterday can be summarized this way. The amendment ensures the possibility of severing the relations with higher education of teaching personnel who are found to act in violation of the system proposed for higher education just as it simplifies removal of high-ranking administrators such as university presidents and deans before the their terms have expired."

"Such a thing could not pass the YOK."

"It did."

"It is objectionable to penalize teaching personnel in this manner, saying they conflict with the goals of the YOK. Teaching personnel can only be removed from their posts through the disciplinary proceedings defined by law. Of course, this is appropriate for appointments to vacant positions. However, these assignments must not be made for the purpose of punishment."

"Why do you say, 'Such a thing could not pass the YOK'?"

"Because Dogramaci heads the YOK. As long as Dogramaci remains the leader of the YOK, no negative decision could pass through the YOK. Positive actions are expected."

"The amendment also makes it possible for persons outside the faculty to become dean."

"That is extremely appropriate. That's the way it is in Europe and America. I've seen it personally."

"How do you appraise the universities from the standpoint of 'academic autonomy' since the higher education law went into effect?"

"Universities possess academic autonomy."

"And if we look at it together with the 'amending law' that was just implemented?"

"Everyone is free to state, to express his views within the defined framework of the law."

Several faculty members' assessments of the amendments are cited:

Professor Savci

Prof Bahri Savci (SBF) [Ankara University Faculty of Political Science]:
"Statutes of the higher education law that were in force just 3 days ago already rescinded autonomous rules for the selection of university presidents, deans, heads of other bodies, and other officials. Universities, faculties, and bodies attached to these were left at the level of being administered by officials selected by committees that were, themselves, autonomous."

Proponents of freedom who have tasted the spirit, meaning, and responsibility of autonomy never did consider this a good statute. Now, a new statute that has been in effect a few days completely magnifies the externalization of autonomy. It will impose persons who are not from within the institution upon faculties that are living as a family unit. Furthermore, it will dismiss persons from their jobs in a manner in which we are unaccustomed in a legal state.

"This is a very extensive centralized system. I do not expect it will produce good results for academic life. To date, each faculty has been created as a family unit. Persons from outside were also able to join the faculty. However, this took place at the approval of the faculty, with its own free choice. I believe that objections will be raised."

Dr Gerger

Dr Haluk Gerger (SBF): A great deal has been said about objections raised by the YOK from the standpoint of autonomy and academic freedom. For this reason, I wish to discuss the latest statutes added to the YOK law from the standpoint of the 'ethical and moral crisis' that some seek to create in our time.

"With these supplementary legal statutes, university teaching personnel and the YOK are faced with a bitter situation. The YOK clearly says, 'I will throw out of the university faculty members whose stands, actions, and even thoughts I do not like, or I will send them out of the province saying, "Maybe they'll improve."' To view university instructors as 'objectionable persons who require improvement' and the teaching institutions to which they are sent as 'houses of correction and punishment' is, before everything else, a severe blow lowered on the honor and dignity of academic persons and institutions. In a nation that uses national resistance against an administration which throws out public employees 'as it deems necessary,' to enact a new 'as-it-deems-necessary' law is truly very sad and serves as a warning.

Democles' Sword

"Waving a type of Democles' sword over university faculty members attempts to push them into an 'ethical and moral crisis,' and this is an extremely dangerous action. An academic is, before everything else, required to be honorable and ethical and to have high moral standards. Sacred duty requires him to be such, and this is a requirement that remains outside the personal preferences of the academic. Therefore, a scholar cannot be expected to perform his duty in a 'restricted situation requiring improvement.' The law proposes that those who do not like the system advanced by the YOK and those who are not useful be thrown out of the university or be exiled in order to be corrected and to change their thoughts, be, in the words of the law, 'on trial.' Now, I clearly state that I, as an academic, believe that the system introduced by the YOK is not beneficial from the standpoint of academic development in Turkey. If my relations with the university are severed because of this belief, there is no doubt that the shame and responsibility for this will not be mine. In contrast, the honor of the moral struggle waged by the university instructor in Turkey is sufficient for the academic."

Assistant Professor Kongar

Asst Prof Dr Emre Kongar (Hacettepe University): "The new law requires permission for university personnel to speak on national issues on one hand and about their own problems on another. For this reason, I cannot give an evaluation."

Professor Moraz

Prof Yuksel Moraz (Hacettepe University Faculty of Dentistry dean): "In my opinion, there was felt a need for this change in the higher education law after taking into consideration the faculties that do not have a sufficient number of full-time professors to name as candidates for the position of dean. Under the law, a dean is to be selected by the YOK from among three professors on monthly salary within the faculty that are nominated by the university president. Because this creates a problem in faculties that do not have an adequate number of professors on monthly salary, this change in the law will provide the opportunity to nominate a candidate from outside for the position of dean. There is not much about this law that will affect our faculty, because we have an adequate number of full-time professors who can be nominated for the post."

Mumcu Questions Criteria Set in YOK Change

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[Article by Ugur Mumcu]

[Text] We wonder to what type of practices the recent changes in the higher education law will lead. Who will be dismissed from institutions of higher education because they "act in conflict with the goal, basic principles, and proposed system of higher education"? And who will be considered "incompetent in carrying out the duties assigned him" and then thrown out of the university? With your permission, let us immediately make a legal interpretation.

Article 36 of the higher education law divides university faculty members into two categories, "those who work full-time" and "those who work part-time." Professors and assistant professors who work full-time are required "to devote all their efforts to work related with the university." These faculty members "cannot perform services for pay or for free for official or private bodies, cannot accept supplementary duties, and cannot work in an independent profession." This is the condition and the "status" proposed by the law.

This means that economics and law professors who work as consultants in large corporations or holding companies will be unable to continue doing so. If these consultants choose to work secretly, their actions will be looked upon as "actions that violate the goal, basic principles, and proposed system of higher education," and relations between these faculty members and institutions of higher education will be severed.

"Part-time" faculty members are required to spend at least 20 hours per week at the university. Let us say that one of the professors with this status is an attorney. Consider what will happen if this faculty member is an hour late for his job because of a prolonged hearing at which he served as lawyer. Will he be dismissed for "actions that conflict with the goal, basic principles, and proposed system of higher education"? And will the "part-time professor" who defends thieves, smugglers, and murderers be considered to have complied with the responsibility of "holding the public good above personal interests" as written in Article 4 of the higher education law? Will the faculty member who displays unique forms of legal understanding in books, in his briefs written for large sums of money be viewed as conforming with the goal of higher education?

The existence of associate professors and assistant professors who have grown old in our universities is an undeniable fact. There are also a number of faculty members who do not conduct research at all once they become full professor. Will they, as well as the assistant professors and professors who spend most of their working hours out of the university, be considered "incompetent in performing their duties"? What will the measures of incompetency be? Since "academic degrees" are earned through specific examinations, we wonder in performing which types of duties will those who succeeded in passing these exams be considered "incompetent." Since the person who gives the examinations is considered successful, how will this criteria for "incompetency" be determined? How will an objective standard be set?

Just as the conditions for becoming assistant professor and professor are defined by law, incompetency will become a subject of discussion for teaching personnel who do not take part in educational, teaching, and practical work in the direction of proposed principles such as those listed in the faculty members' duties section of the higher education law; who do not design projects or direct seminars; who do not conduct scientific research or publish; and who do not guide students.

And we fear that this will lead to subjective applications.

We wish to ask to what degree a faculty member who does not devote his entire day to the university can conduct "adequate" academic research? How can he show the way, act as guide to students on the topic of the proposed goal and basic principles of this law? How is this possible?

Will the part-time professor be unable to say to his students, "Do as I do. Become a faculty member and earn a lot of money outside as well," and will he say, "Friends, beware. Do not defend thieves, murderers, smugglers"? Of course, he will serve as an "example," will serve as "guide." Will the part-time professor not tell seniors, "Those who conform with the full-time law live in misery. Look at how much money I earn outside in my private office"? What will he say? To what degree will "part-time status" serve as "guide" for the basic principle and goals of this law?

We say that, if another change is made in the law, have those faculty members who plagiarize from books of other writers, of other faculty members be

considered "incompetent" and dismissed from the university. Isn't there such an article for them? Isn't there? Isn't there? Isn't there?

"Revolution," not "reform" is necessary for the university. The first, unavoidable condition for this revolution is to apply the "full-time principle" without concessions, without compromise. Together with this principle are the "principle of participation in the administration" and unconditional, unlimited autonomy. Those who keep in step with this will remain at the university. Those who do not will leave. Everything else is empty talk, is a groundless waste of time. Why is there "part-time status"? How can state employees engage in scientific research in the mornings with faculty members who are "independent business experts" and who work in the afternoon? How will examples for students be set? Who will be deemed "competent" under these conditions? Who will be deemed "incompetent"? What objective standard will be set? Who will carry out this task? How and under what conditions will he do so? What instruction, which basic principle and goal will be applied for faculty members that have established ties with holding companies' administrative councils?

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BRIEFS

SUBMARINES POSSIBLY TO NORTH NORWAY--The question of whether to station all of our submarines in north Norway should be studied, said Chief of Defense Sven Hauge in a recommendation given to Defense Minister Anders C. Sjaastad yesterday. The main base for our submarine fleet today is Haakonsværn at Bergen. In the recommendation the chief of defense also said that they are working on contract negotiations with West German industry for building new submarines. In July West German authorities were briefed by the Norwegian Ministry of Defense that Norway intends to order four, five or six new submarines, and that more will be ordered in the 1990's. The chief of defense recommends that six new submarines be obtained at this time, with the possibility of ordering two more before the end of 1984. The deputy chief of defense, Chief of Staff Rolv Eios, told NTB [Norwegian Press Bureau] that it was not recommended that some of the existing Kobber-class of 15 submarines be modernized. "This should, however, be clarified during the next couple of years. It is a question of whether it pays to undertake modernization, and on how many boats." said Eios. [Text] [Oslo AFTENPOSTEN in Norwegian 13 Aug 82 p 12] 9287

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GENERAL

CYPRUS

BRIEFS

NEW PRESS OFFICE--The press and public relations office KIMON PRESS has begun operating in Larnaca under the direction of journalist E. Evangelidhis. The new office is on Apostolou Varnava Street, behind the main offices of the Bank of Cyprus, and deals with the distribution of news to mass media as well as with advertising and public relations. [Text] [NC210717 Nicosia O AGON in Greek 21 Aug 82 p 10]

NEWSMEN ASSOCIATION FORMED--The chairmen and the secretaries general of the Union of Cypriot Editors and of the Association of Turkish Cypriot Journalists met yesterday and decided to accept a proposal by the Commonwealth Association of Journalists, which has its headquarters in London, that the two organizations should establish a Cypriot branch that will be a member of the association. The leaders of the two organizations agreed that the establishment of such a branch would be beneficial for both the Greek and the Turkish Cypriot journalists, and for their profession in general. [Text] [NC191120 Nicosia Domestic Service in Greek 1030 GMT 19 Aug 82]

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